Britain: health service alive but in difficulty, Page 16

No. 29,630

Wednesday May 22 1985

D 8523 B

World news

Volices

ement is effect

Greek **President** \$600m 'will not offer resign'

kis angrily rejected a suggestion by the conservative opposition that he should resign if they win general elections on June 2.

The opposition denounced as un-onstitutional a Greek parliament vote in which Mr Sartzetakis was elected president thanks to an alliance between the ruling Socialists and the pro-Moscow Communist op-

The Socialists proposed Mr Sartzetakis as a candidate after an controversial decision not to support the re-election to President Constantine Karamanlis.

Kabul attack

At least six people were killed in Kabul when bomb throwers broke up an army conscription drive in the Afghan capital and attacked a billiard hall frequented by secret

U.S. 'spy' charges

A retired U.S. Navy communications specialist, who had top-secret security clearance, was charged with spying in attempting to pass classified national defence docu-ments to the Soviet Union.

S. Africa 'N-test'

CONTRACT OF THE PARTY OF THE PA

THE RESERVE OF THE PROPERTY OF

An American anti-apartheid group said it had obtained official U.S. pa-pers indicating that South Africa tested a nuclear bomb in the Atlan-

Apartheid change

will abolish laws haming inter-ra-cial sex and marriage, has decided to scrap another apartheid law which prohibits multiracial political

Brazii strikes spread A month-long wave of labour strife

plaguing cities in Brazil spread to farm areas as sugar-cane cutters and orange pickers in Sao Paulo state stopped work, demanding

Manila battle

guerrillas in a Manila suburb in its first known clash with the New Peo. BANK OF CHINA has signed an ple's Army in the capital city.

Pacific minister

President François Mitterrand promoted his special envoy in New Caledonia, Edgard Pisani, to ministerial rank in charge of the troubled Pacific territory Page 3

Beirut camp flight

Men, women and children fled from fighting around three Palestinian refugee camps in south Beirut as Shia Moslem militiamen tried to flush out Palestinian guerrillas entrenched outside. Page 5

Diamonds hold-up Robbers escaped with 21 bags of di-

amonds worth \$500,000 after hold-

ing up the Antwerp-Brussels mail train near Duffet. Ships pass refugees

A Norwegian charity group report-

ed that about 50 ships refused to stop for 44 Vietnamese boat refugees in the South China Sea before a Norwegian tanker picked them up at the weekend.

French drink less

French people are drinking less alcohol, according to a new study work habits account for the steady slowdown in consumption. Page 2

Pope tired

hux tour as he heard in Brussels further calls for liberal reform in the Roman Catholic Church.

Business summary

Icahn in for TWA

CARL ICAHN, the Wall Street investor, launched a hostile cash takeover bid valued at \$500m for TWA, the fourth-largest U.S. domestic airline, and threatened a proxy battle to unseat the TWA board should his offer be refused. Mr Icahn, who already owns a 24 per cent stake in the \$3.7bn-a-year airline, offered \$18 a share for the

PEPSICO, U.S. soft drinks group signed \$2bn barter deal with Moscow involving the sale of more Pepsi in the Soviet Union in return for purchases of Russian vodka. Page 6

rest of the common stock.

U.S and the Soviet Union agreed to make it easier to trade between the two countries. The U.S. said it would lift a 34-year-old ban on the import of Soviet furs. Page 3

DOLLAR closed in New York at DM 3.064, SwFr 2.573, FFr 9.3475 and 250.5. It was firmer in London, closing at DM 3,0870 (DM 3,0840); SwFr 2,5840 (SwFr 2,5825); FFr 9,3550 (FFr 9,26) and 1250,25 (Y249,60). On Bank of England figures, its index rose to 145.4 from 143.9. Page 41

STERLING closed in New York at \$1.2743. It fell against the dollar in London to close at \$1.2720 (\$1.2825). It rose to DM 3.8975 (DM 3.8925); SwFr 3.2875 (SwFr 3.2700); FFr 11.87 (FFr 11.8450), but fell to Y318.5 (Y320) (Y320). The pound's exchange-rate index fell to 79.5 from 79.7. Page 40

WALL STREET: The Dow Jones industrial average closed 4,32 up at 1309.7, a record. Section III

LONDON shares eased from their morning peaks. The FT Ordinary share index closed up 4.2 at 1,020.2 Gilts also lost ground after early support. Section III

TOKYO shares moved higher trig-gered by the weaker yea. The Nik-kei-Dow—market average ended 91.08 ahead at 12,650.18. Section III

lion market to close at \$317.50. It also fell in Zurich to \$315.25 (\$323.75). In New York, the Comex June setent was \$317.95. Page 49

FRANCE recorded a FFr 4.215bn The Philippine army fought a gun (\$441m) trade deficit in Apr battle with suspected communist FFr 567m deficit in March. (\$441m) trade deficit in April after a

agreement with Bank of Tokyo for a 52bn syndicated credit earmarked for use in energy, transport and other modernisation projects. Page 19

SPANISH unemployment rate rose to 22 per cent in the first quarter, Western Europe's highest. The Finance Ministry said the rate of increase was slowing.

CBS agreed to buy five radio stations from Cincinnati-based Tait Broadcasting for \$107.5m; Taft said it would buy five television stations and seven radio stations from Gulf Broadcasting for \$755m.

J. SAINSBURY, the UK food group, lifted annual pre-tax profits 30.2 per cent to £156.4m (\$198.6m). Page 26; Lex, Page 18

RICOH, one of the world's leading manufacturer of copiers and office equipment, lifted pre-tax profits 9.7 per cent for the year ended March to Y28.9tm (\$115.4m) on sales up 16.2 per cent to Y451.6bn. Page 20

FANUC, the Japanese maker of numerically controlled systems for machine tools, achieved an 18.5 per cent boost in pre-tax profits to Y51.93bn (\$207.4m) for the year to March. Page 20

SING TAO NEWSPAPERS' board, the Hong Kong group controlled by Miss Sally Aw Sian, called for a suspension in trading of the company's shares without providing any reason for the suspension. Page 19

Pope John Paul showed signs of fa- HOFFMANN-LA ROCHE, the tigue at the last stage of his Bene- Swiss chemical group, increased its Swiss chemical group, increased its sales by over 20 per cent during the first quarter of this year to SwFr 2.5bn (\$987m). Page 20

ESTIMATE FOR FIRST PERIOD CUT TO 0.7%

Washington warns of lagging growth in second quarter

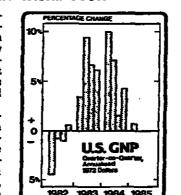
BY STEWART FLEMING IN WASHINGTON

MR JAMES BAKER, the U.S. Treasury Secretary, gave a warning yes-terday that U.S. economic growth in the second quarter might be below expectations, after a revised Com-merce Department estimate that the first-quarter rise in output was at a meagre 0.7 per cent annual

The department's earlier estimate was of a 1.3 per cent rise in gross national product and Mr Baker conceded that the revised figure was "a good bit slower than we an-ticipated." Second-quarter growth might also be lower than expected, said Mr Baker, who hinted that the Administration might soon abandon its forecast of a 3.9 per cent his

growth rate for the year. Nevertheless, he told the Senate Appropriations Committee that the ny would pick up in the second half of the year. But he refused to be drawn on whether slower growth than expected might add \$20bn to \$30bn to the federal budget

The sagging U.S. economy is an ominous threat to President Ronald Reagan, whose political strength has been founded on the strong performance of the economy over the olution. An influential group of



Adminstration are already widely seen to recover political momentum after the setbacks suffered during the past month and are facfurther cuts in defence spending and raise corporate taxes in order to tackle the huge federal budget

about the economic outlook is intensifying, the House of Representatives was yesterday due to start de-bating its version of the budget resRepresentatives James Jones and Richard Gephardt have offered an amentment to the house budget proposal which would impose a minimum tax on corporations and cut the budget deficit by \$75bn in 1986 rather than the \$56bn proposed in the budget committee's

The revised GNP data were released as the Federal Reserve Board's policy-making Open Mar-ket Committee was meeting in Washington to decide how the central bank's monetary policy should respond in the face of an economy groaning under the burden of import competition, which some economists fear is now threatening to tip the U.S. into recession.

The first-quarter GNP figures present a worrying picture of an economy in which industrial output is stagnating and increases in demand are being met by overseas producers and not contributing to the growth of the domestic economy. The Commerce Department said that most of the increase in na-

Continued on Page 18 Editorial comment, Page 16;

Currencies, Page 41; Stock markets, Section III

UK and France support German high-tech plan

BY DAVID HOUSEGO IN PARIS

ed European collaboration in high technology gained further momentum yesterday with a more pos-itive expression of interest from the publicly emerged.
As a result, Britain and France

are now backing a West German proposal for setting up a high-level group of experts to develop ideas for stepping up high-technology col-laboration. The idea is expected to be given formal endorsement by EEC heads of government at their summit in Milan next month.

British thinking on the Eureka proposal was explained in Paris yesterday by Sir Geoffrey Howe, the Foreign Secretary, when he met his French counterpart, M Roland

Among other things, Sir Geoffrey was seeking to remove the impression left by President François Mit-terrand last week when he said that Mrs Thatcher, the British Prime Minister, was the most reticent

RANCES Eureka proposals for in- about Eureka among European, not regard this as incompatible

According to British officials yesterday, the Government's views Bonn: West Germany's opposition. itive expression of interest from the have developed after the visit to Social Democrats (SPD) and the British Government than has so far London last week by M Hubert Curuling French Socialist party yesrien, the Minister of Research and terday underlined their common Technology, who had talks with Mr hostility to the SDI programme, Geoffrey Pattie, the UK's Minister which they described as a "destablifor Industry. Two other senior lising French missions have also visited London recently.

French discussions with West Germany have been more intensive and will be pursued in Paris today during talks with Herr Hans-Dietrich Genscher, the West German Foreign Minister. The talks are aimed at co-ordinating Franco-German positions in advance of the Milan summit which, in turn, will be preceded by a meeting between President Mitterrand and Chancelfor Kohl on May 28.

Sir Geoffrey made clear to the French yesterday that Britain in-tended to participate in the U.S. Strategic Defence Initiative and did ber countries - in Stattgart.

Eupert Cornwell writes from which they described as a "destabi-lising technology," which might want to appear anxious to hold a lead to an extension of the arms

race into space.
Instead, Herr Willy Brandt and M Lionel Jospin, the respective party chairmen, indicated after a meeting in Paris their leaning towards the Eureka programme for European technological cooperation.

The clear-cut rejection of the SDI by the two leftwing parties contrests with the uncertainty over the merits of German participation in SDI research expressed on Monday by Chancellor Kohl at the closing session of a meeting of the North Atlantic Assembly - consisting of parliamentarians from Nato mem-

Ansbacher reveals £31m loss

BY DAVID LASCELLES, BANKING CORRESPONDENT, IN LONDON

UK merchant banking group, yes-terday disclosed a loss of £31.4m (\$39.9m) in the year ending March
31. But it simultaneously announced that its main shareholder,
Mr Richard Fenhalls, which too the Brussels-based Pargesa/GBL combine, was to underwrite a £35.6m rights issue that would give it a controlling stake in the group. The losses, which were much

larger than had been expected, stem partly from Ansbacher's illfated acquisition last year of Laidlaw Adams & Peck, the Wall Street securities firm it had to resell in

But according to a circular sent to shareholders yesterday, many of the group's varied businesses, which included shipbroking and metals trading, also incurred losses. Shareholders are also advised that the interim profit of £1.35m an- for one basis at 50p a share.

HENRY Ansbacher Holdings, the nounced last September may have Last a UK merchant banking group, yes been overstated to the point where closed at there were insufficient reserves to the day.

duced. This action has been undertaken

with the backing of Pargesa/GBL which last year bought a 29.9 per cent interest in Ansbacher and now intends to draw the group into the network of financial institutions it is developing in Europe and North The rights issue will be on a two

closed at 65p, with a gain of 2p en

Ansbacher's chief institutional The new management headed by shareholders, which include Grand Mr Richard Fenhalls, which took Met, the Lissauer Group, Touche shareholders, which include Grand over at the beginning of this year, Remnant and M & G have indicated has also taken steps to rid the their support for the reconstruction. their support for the reconstruction. group of doubtful debts and clean
Some have agreed to forgo part of
up its balance sheet.

Some have agreed to forgo part of
their rights in order to enable Par-Loss-making businesses have gesa/GBL to acquire them and been sold, and staff and costs re-raise its stake to at least 51 per

The recapitalisation will increase shareholders' funds to nearly £53m and will, Ansbacher claims, put it in a sound financial position from which to commence the task of rebuilding a successful group around its two core businesses." The to be merchant banking, and insurance and shipbroking.

Lex, Page 18; Details, Page 25

little hope for early **Gorbachev** summit By Reginald Dale in Washington THE REAGAN Administration has all but abandoned hopes of an early

U.S. sees

ing itself to a continuing chill in superpower relations, American offi-cials said yesterday.

Washington appears to have con-chided that it was over-optimistic in hoping for a quick breakthrough when Mr Mikhail Gorbachev took over as Soviet leader in March, and President Ronald Reagan immedi ately invited him to a summit meet

ing in the U.S.

Mr Gorbachev is now thought un likely to agree to any meeting with Mr Reagan - whether a get-acquainted session or a full-scale summit - until next year at the ear-

Mr Reagan has repeatedly made clear that he would be ready for a meeting - preferably in Washington - if Mr Gorbachev were to travel to the U.S. to attend the United Nations general assembly in New York this autumn.

Yesterday, however, U.S. officials said that even if Mr Gorbachev were to go to New York, he would probably not meet Mr Reagan. Other officials said that it was in any case unlikely that Mr Gorbachev would visit the UN, as once expected, in September or October.

Although Mr Viktor Afanaseye the editor of Pravda, said publicly in April that Mr Gorbachev would visit the UN and might well meet Mr Reagan at that point, U.S. offi-cials say that there have since been no indications that Mr Gorbachev

intends to make the trip.

A White House official told the Washington Post yesterday that Mr George Shultz, the U.S. Secretary of State, received "signals" that Mr Gorbachev would not go to New York from Mr Andrei Gromyko, the Soviet Foreign Minister, at their meeting in Vienna last week. One State Department official said yesterday that the issue of a

summit did not even come up disummit and not ever-ectare up the rectly during the Shultz-Gromyto-talks: The Reagan Administration; he added, had "got ahead of itself" in believing that such a meeting had been all but agreed.

Recent exchanges and develop-ments between Washington and Moscow showed that relations were as sour as ever and Moscow did not summit meeting, the official said. Reflecting a widespread view in the Administration, the official said that Mr Gorbachev would want to

Continued on Page 18

U.S.-Soviet measures to facilitate trade, Page 3; PepsiCo boosts Soviet links, Page 6

Pickens may lose \$100m over Unocal

about \$100m and seriously restrict

had invested \$1.2bn in the takeover attempt through his Mesa partnerthe prime targets of the new breed of Wall Street corporate raiders

about two years ago.
Investment bankers also believe mergers in the U.S.

said Mr Frederick Joseph, the new-cent of their holdings. ly appointed chief executive officer of Drexel Burnham Lambert, the investment bank that had arranged much of the financing for Mr Pickens's Unocal bid. "It will very sub- price of Unocal stock is now expectstantially slow down takeover activ-

ity."
The agreement between Unocal and Mr Pickens followed a day of

BY TERRY DODSWORTH IN NEW YORK

MR T. BOONE PICKENS, the Tenegotiations in Los Angeles in the was oil billionaire, has conceded dewake of the court ruling, which feat in his bitter takeover battle for gave Unocal the court ruling, which feat in his bitter takeover battle for gave Unocal the upper hand by say Unocal, the Californian oil group, in in that the company could exclude an agreement that is likely to leave the Pickens group from a lucrative his investor group with losses of share buy-back offer.

Under the terms of the deal, Unhis future takeover activity. ocal has agreed to include some The setback for Mr Pickens, who 7.7m, or 32 per cent, or the shares of the Pickens group in part of its buyback of 59.1m of its own shares for ship group, marks the first signifi- securities worth \$72 each. The offer cant victory for one of the large U.S. was originally made only to share-oil companies since they became holders outside the Pickens group in an attempt to wean them away from the \$54-a-share cash offer for

64m shares made by Mr Pickens. Although that part of the agreethat the Delaware Supreme Court ment would give the Pickens group decision, which forced Mr Pickens a profit of around \$177m on its to the negotiating table, is likely to shares, it would also yield inferior put a brake on the current wave of terms to those of other tendering shareholders, who will receive the "This was a benchmark decision," premium price for around 38 per

However, Mr Pickens stands to run up hefty losses on the other 16m shares beld by his group. The losses will be incurred because the

Continued on Page 18 SEC drops plan to curb takeover

Swedish banks cut lending rates again

BY KEVIN DONE IN STOCKHOLM

bowed yesterday in the face of inense political pressure and lowered their interest rates for the second time in less than a week, claiming that they had been made a scapegoat for the dramatic squeeze on Government last week. At the same time, Sweden's lead-

ing commercial bank published gloomy new forecasts for the development of the country's economy, which is now expected to grow much more slowly than other west-

to the promising picture of econom- crease in the discount rate. weeks ago.

The banks have come in for Palme, the Prime Minister, and Mr Kjell Olof Feldt, the Finance Minister. as well as Mr Bengt Dennis,

governor of the central bank, for

SWEDEN'S commercial banks unfairly exploiting last week's befty increase in official interest rates.

As an important element in the package, the banks were freed for the first time for 15 years to set their own interest rates on lending, and Mr Dennis made clear that he wanted to see "a powerful increase in interest rates through the whole economy" with particular pressure

The banks, which face substantial losses on their big holdings of fixed-rate government bonds as a result of the interest-rate rises, reern countries in 1985 and fall into sponded by raising consumer lending rates by 3.5 to 4 percentage The forecast is in stark contrast points compared with the 2-point in-

ment's revised budget only four trying to avoid tough economic measures with the general election due in less than four months, immediately went on the attack, led by heavy criticism from Mr Olof Mr Palme, claiming that the size of the banks' interest rate increases was unjustified.

Continued on Page 18

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158 New Bond Street, London WIY CAY, Tel: 01-499 9511. Heathrow Airport: 01-759 2311.

Polish court bars foreign reporters

By Christopher Bobinski in

THE POLISH Government has tacitly recognised that the trial of three Solidarity leaders due to start in Gdansk tomorrow will harm its image in the West, and has banned foreign reporters from the court.

This is the first time since martial law was lifted two years ago that a civil court has excluded the Western Press from a political case and shows how sensitive the authorities have become

Mr Adam Michnik, a dissident intellectual, Mr Wladyslaw Frasyniuk, a senior Solidarity underground leader from Wroclaw, and Mr Bogdan Lis, formerly Mr Lech Walesa's deput from Gdansk, are being tried for trying to provoke unrest and playing a leading role in an illegal organisation. They face up to five years in

All three were freed from detention last July under a political amnesty and met Solidarity underground leaders in January to plan a token national stoppage in protest at food price rises—a stoppage that met with little response.

Mr Jerzy Urban, the govern-ment spokesman, said reporters were being barred from the court so that the defendants could concentrate on the pro-ceedings and not on addressing The Republic remains confident in its industrial development plan, writes Brendan Keenan in Dublin

Ireland's hopes stay pinned on electronics

caused shivers of apprehension investments would have estab-in the Irish Republic, where lished the Republic as a serious electronics companies form the rival to Scotland for such plants. backbone of foreign industrial investment in the last decade. Some of the U.S. companies, such as Apple, Digital and Verbatim, which have had difficulties of one kind or another, are among the leading investors and employers in Ireland.

Officials of Ireland's Industrial Development Authority (IDA) are convinced that their basic strategy of building up a mix of electronics companies is a sound one, but there have been casualties.

Atari in Limerick and Storage Technologies in Dublin closed their plants earlier this year with the loss of more than 500 jobs. A project for the development of computer-aided design systems by Calma of the U.S. fell through. More alarming perhaps, is the layoff by Mostek of a quarter of the workforce at its Irish plant which assembles and tests integrated

Falling world demand for semiconductors also postponed, at least, what was to have been the coup of the year for the IDA: a decision by Mostek to lida: a decision plant locate a chip fabrication plant in Ireland. This would have followed the announcement of a I£170m (£136.6m) chip manu-facturing plant south of Dublin

THE RECENT problems of the to be built by Advanced Micro electronics industry worldwide Devices. The IDA believed these caused shivers of apprehension investments would have established the Boundary of the IDA is aware of the vul-

One key protection against the vagaries of international business is the fact that many Irish plants represent the only EEC operations of the parent company. This is true of com-panies such as Apple and Digital, which supply their European markets from Ireland. Basically, if they want to

nerability of companies in such a highly competitive industry and knows that closures are inevitable. "A strategy which did
not allow for failures would
not be a strategy at all," says
Mr Lowry. hTe IDA believes it
has a reasonable mix of high
of the parents' operations:

those suppling the industry's believed, will fight harder to capital goods such as integrated locate key functions in Ireland. capital goods such as integrated circuits and control equipment. At the other end of the spectrum come consumer products and memory devices, where dear a degree of autonomy from stay in Europe, they have to mand can swing alarmingly and head office. stay in Ireland," says Mr product obsolescence is high. It is vi

40 minutes notice, left a morethan-usually bitter taste.

many are now run by Irish hTe "safest" companies are managers who, it is generally

sic example of the high-risk right Electronics now accounts market, although the fact that for 30 per cent of total manuthe plant was closed with only facturing and 10 per cent of employment A collapse would

be disastrous for the economy but it is also true that, even if things go well, the ambitious original target of doubling pre-sent employment to 40,000 is unlikely to be attained in the

The IDA will be looking for companies with strong financial . It is vital for the Irish backing to withstand the com-

regarded as a good catch because it has the powerful United Technologies group behind it. Japanese groups, such as Fujitsu and NEC, are in the volatile memory devices sector, but they are regarded as having the ability to stay the course,

Officials such as Martin Lowry believe the new entrepreneurs of the next 10 years will be in software development rather than equipment. IDA formed its own software company last year to help build up Irish expertise in the industry. IBM is unlikely to manufacture in Ireland, but it is expected to expand its software operation, which presently mploys 65 people.

The other main plank of industrial policy, as outlined in a recent White Paper, is the development of indigenous firms. No more than three electronics companies have developed to any size so far but the IDA has targeted about 12 small companies with potential and hopes to build some of these up in the next 10 years.

"If we do not have a sig-nificant indigenous sector in the next 10 years, the policy as a whole will have falled," says Mr Lowry. In the meantime, the Irish will keep their fingers crossed that none of the hig boys succumb to the chilly winds now blowing in Silicon Valley. "If we do not have a sig-

employers on Italian petitive pressures. Mostek, despite the recent difficulties, is pay index ITALIAN EMPLOYERS are ready to consider any serious

> dustriz, the main employers organisation. But he put forward no new suggestion for an agreeemployers and unions which would make the Communist sponsored referendum unneces sary. Instead, he resterated at Confindustria's annual meeting here that the employers had made their own proposels on a their own proposels on a theoroughgoing reform of the indexaction and pay structure as long ago as last October. The unions, divided among them-selves, had not yet made an adenuate resonance he said

a potentially damaging referen-dum on wage indexation, set for June 9, according to Sig Luigi

Lucchini, president of Confin

Firm line by

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FRAN CIVAR

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This evening Sig Gianni de Michelis, the Minister of Labour, is to meet unions and employers separately to try-to-find common ground. The referendum has been called to decide whether four points cut

from the scala mobils index last year as an anti-inflation measure should be restored. Sig Lucchini's speech, to a packed audience which included 11 government ministers and the leaders of all Italy's main private sector companies, re-flected strikingly the confidence hetted strikingly the communities which Italy's industrialists feel about their prospects, despits, serious problems of wage costs and the failure of the Govern-

ment to cut its spending.

He drew considerable satisfaction from last week's local elections in which the govern-ment parties advanced and Communists fell back. The elec-torate, he said, had "punished those who could only see the crisis as a means of arousing protest or rebellion."
Sig Lucchiai reminded his listeners that, in the absence of

a voluntary agreement on wage indexation and an unsatisfactory referendum result, the employers would give notice that they would stop paying scala mobile wage increases altogether. Though Sig Lucchini did not say so, this move would be aimed at enabling the em-ployers to renegotiate the wage indexation system on something close to their own terms.



No IDA policy change in Hyster decision

Officials of Ireland's Industrial Development Authority (IDA) stressed yesterday that there had been no significant change in the country's industrial policy in the wake of the decision to turn down an 300-job project by the U.S. Hyster Cerporation, writes Brendan Keenan tion writes Brendan Keenan

The Government rejected the company's ewn investment of around Him (£806,000) was inadequate against a l£14m total project cost. Hyster moved the facrejecting an Irish government

request that it put up an extra IEIm. The IDA pointed out that all projects with a cost in excess of 162.5m have to go to the Government for approval. The Hyster project is the first one to have been turned down after winning IDA approval, however. FitzGerald, the Irish Prime

and it was up to the Govern-ment to decide what industrial policy would be and the input required from foreign

The feeling in Dublin is that, despite the tough line from Dr FitzGerald, the Hyster case was exceptional. The company has a reputation for tough bargaining with industrial development agencies and for trading one off against the other.

The Irish cabinet may have felt that the taxpayer had

Hyster's existing facility in Dublin. This was snatched from under the noses of Northern Ireland's Industrial Development Board, during

the previous Flanna Fail administration.

The terms of that deal have never been disclosed but, given the considerable incentives which Northern Ireland foreign investors, they are likely to have been generous to Hyster.

French drink less alcohol

By David Housego in Paris FRENCH ALCOHOL consump tion is on a long downward slide, though the average Frenchmen still drink more than other Europeans.

These findings emerge from a study by Insee, the official statistics office, published yesterday which concludes that changing work habits account for the steady decline in con-sumption since the early 1960s. Before then, French industrial and agricultural workers drank large quantities of cheap table wine to give them both calories

From a peak in 1963 of 25 litres for every person above the age of 14, consumption has fallen by about 0.23 litres a year thus bringing France miline with the drinking habits of Spain or Portugal.

Measured on the basis of consumption per head of popula-tion, France still retains the lead in Europe. Each Frenchman swallows 15.5 litres of alcohol a year, compared with litres in Spain and 11.7 litres in Hungary.

The Insee study confirms that while less cheap table wine is being drunk, the French are drinking more beer and spirits, and more soft drinks.

Beer consumption, for instance, has doubled from 12m hectolitres in 1955 to 25m in

Dutch poll shows support for Labour increasing

BY LAURA RAUN IN AMSTERDAM THE DUTCH opposition Labour switching to the Socialists in THE DUTCH opposition Labour Party would gain an extra 16 parliamentary seats if elections were held now, according to an opinion poll conducted by the opinion research bureau of

protest against the current administration's austerity policies. Opposition to the Government's decision to deploy

opinion poll conducted by the opinion research bureau of Lagendijk.

This would put the Socialists just 13 seats short of a parliamentary majority, while the centre-right coalition Government's majority would vanish. The next general election in the Netherlands is due in exactly a year's time.

Observers believe that Christian Democrat voters, particularly older ones—are

Government's decision to deploy to retuise missiles is also thought to play a role.

Catholics and Dutch Reformists, who traditionally have voted Christian bemocrat, are abandoning their party faster than is being compenting the small right wing Christian parties, the poll found. The right wing Liberal Party, a member of the coalition, did

'Confidence in Community at stake' in Adams case

BY RAYMOND HUGHES IN LUXEMBOURG CONFIDENCE in the European

story is a symptom of the weakness of our Community if we subordinates the interests of the individual to the interests of the state and great companies."

ompanies."

In his unprecedened breach of trust action, Mr Adams accuses the Commission of betraying his identity as the source of information about illegal activities of Hoffman-La Roche, the giant Swiss drugs company, which led to Roche being fined for breaches of EEC fair trading laws.

Mr Adams blames the Commission for the subsequent arrest and imprisonment in Switzerland for economic espionage arising out of his disclosures of price-fixing by Roche. He argues that the Commission falled in its legal duty to keep his identity secret.

Community is at state in the following on the following with the Commission, the European Court in Luxembourg was told yesterday.

Mr. David Vaughar OC, for Mr. Adams, told the 11 judges:

"To many, the Stanley Adams argument succeeded in preventing the court ruling on the court ruling

by Community law.

Mr Vaughan said that if that argument succeeded in preventing the court ruling on the merits of Mr Adams's case, it would be traviled. would be tragic—not only for Mr Adams, "Legalism would have triumphed over justice. That cannot be what the founding fathers of our Community intended when they planned the Community.

He said that Mr Adams could not have started his claim with-in the time limit argued for by the Commission because by that time all the damage to him had not come to light and he had not then been aware of all the facts giving rise to the Commission's liability.

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Bonn plans urgent action to tackle unemployment

BY RUPERT CORNWELL IN BONN

WHILE THE opposition Social CSU members of the centre-right Democrats (SPD) put forward their coalition—as well as industry—that two five-point plan to create new jobs in West Germany, the Boom Government has confirmed that it plans emergency action shortly to tackle unemployment, now standing at 2.3m or 9.3 per cent of the

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level of which is held to have been a key ingredient in the ruling Chris-tian Democrat Party's crushing defeat in North-Rhine Westphalia 10 days ago - did not imply any basic shift in policy away from reducing the federal spending deficit and cutting state intervention.

Just before the severe state elecphalia, the Finance Ministry sig-nalled that it hoped to hold the 1986 deficit to around this year's planned level of DM 25bn (\$8.25bn), despite activation of the DM 11hn first phase of a planned DM 20bn taxcuts package in 1986 and 1988.

Since then, the Government has refused to change course, despite

The demands reflect not only the fear that a failure to make inroads into unemployment could cost the Government the next federal election in February 1987, but also that The hope, as expressed by a government spokesman, is that any measures — whose shape remains makes a bowlear — can be fitted into the draft an economic growth which even so is only expected to reach 2.5 per cent in 1985.

However, the spokesman indicated that a more vigorous strategy against unemployment – the high level of which is held to have been a of extra resonances for environmen tal projects to create new jobs. The money could come from higher gas, electricity and fuel charges.

The SPD also wants a new state and federal programme to reduce youth unemployment; steps to stim-ulate both public and private sector tion setback in North-Rhine West- investment; and a less restrictive financial policy at Community level.

The suggestions were swiftly dismissed by the Government last night, however. Herr Matthias Wissman, the economics spokes-man of the CDU/CSU, called them "old ideas dressed up in new clothes," which would merely push up prices, interest rates and public calls from both the smaller Free borrowing and thus harm the pros Democrat (FDP) und conservative pects for reducing unemployment.

Luxembourg move may influence satellite TV

BY DAVID MARSH IN PARIS

THE FORMER Prime Minister of has been in long-standing contact Luxembourg, M Pierre Werner, was about developing its television sat-yesterday elected chairman of the ellite planned to be launched next grand duchy's broadcasting compa- year, will now be more compliant ny, Compagnie Luxembourgeoise with the wishes of the authorities de Telediffusion (CLT), in a move M Gaston Thorn, former head of which could influence complex pow- the EEC Commission and the pre-

had supported the choice of M vice-chairman and managing direc-Werner. But it remains to be seen tor, indicating the board's preferwhether CIII with which France ence for a political compromise.

M Gaston Thorn, former head of er struggles taking place over the ferred candidate of the Belgian future of satellite television in Europe.

With French interests owning a significant minority shareholding in CLT, the French Government ing. However, he was appointed in the pre-ferred candidate of the Belgian Structure of the Europe Commission and the pre-ferred candidate of the Belgian Structure of the Europe Commission and the pre-ferred candidate of the Belgian Structure of the Bruselles-Lambert group which is CLTs controlling shareholder, was defeated in his bid for the chairman significant minority shareholding in CLT, the French Government ing. However, he was appointed in the Bruselles-Lambert group which is controlling shareholder, was

U.S.-Soviet measures to make trade easier

THE U.S. and Soviet Union have agreed to make it easier to trade between the two countries, Mr Malcolm Baldrige, the U.S. Commerce Secretary, said yesterday after two days of

talks here. Market access for exports is to be improved, and the U.S. said it would lift a 34-year-old ban, introduced during the Korean War, on the import of Soviet furs into the U.S.

The agreement is a symbol of a desire on both sides to im-prove political relations but is not likely to increase trade

significantly.

Measures to be taken by the Soviet Union include a promise to ensure that foreign trade organisations take bids from U.S. companies seriously, and to make product promotion easier. The joint U.S. Soviet Commercial Commission will have a subcommittee to discuss have a subcommittee to discuss U.S. projects in the Soviet Union, and American and Soviet officials are to discuss a

new maritime agreement. Three main obstacles still impede a significant expansion of trade; Soviet lack of U.S. most favoured nation status, export-import credits, and the U.S. embargo on high technology exports to the Soviet Union, Moscow also says it wants a guarantee that con-tracts signed by U.S. companies

Last year the U.S. exported goods, mostly grain, to the Soviet Union worth \$3.3bn and took imports worth only \$300m.

The overall significance of Mr Baldrige's visit, the first meeting of the Commercial Commission since 1978, is that it produced gestures of goodwill after a month in which relations between the superpowers have grown more hostile.

Remarks made by Presiden

Ronald Reagan during his visit to Western Europe earlier in the month have been heavily attacked in the Soviet Press The Soviet Union has still not made it clear that Mr Mikhail Gorbachev is going to New York for the opening of the UN General Assembly later in the year. Mr Baldrige reiterated yesterday that both leaders favoured a meeting but a time and place had still to be

Pepsice, Page 6

Europe looks for joint stance on Star Wars

EUROPEAN DEFENCE minis-ters in Nato's Euro-group yesterday renewed their efforts to find common ground on the U.S.
Strategic Defence Initiative (SDI), the so-called Star Wars project, and on the finances available for Nato's conventional armoury, before meeting Mr Caspar Weinberger, the U.S. Defence Secretary, today.

The subject of shortcomings in the alliance's conventional defence capacity is expected to dominate the two-day meeting of the Nato Defence Planning Committee beginning in Brussels today. But the U.S. is also pushing for an early Euro-pean response on the SDI, as well as support for renewed investment in chemical weapons.

A key issue at the informal talks of the Euro-group yester-day, which will have to be spelt out in the defence ministers' formal guidance for national defence spending plans this week, was the financial targets

MR CASPAR WEINBERGER gazed long and hard over the wall into East Berlin yesterday and accused the Soviet Union of murdering Major Arthur Nicholson, the U.S. officer shot in March by a Soviet guard in East Germany, writes Leslie Colitt.

East German border guards in watchtowers on desolate Potsdamer Platz, the pre-war heart of Berlin, peered back through binoculars and shot rolls of film of Mr

The present target of a 3 per

Weinberger. Contact with the "enemy" was reduced to ogling at several hundred metres amid the strictest security.

He said later that a nation such as the Soviet Union which was capable of shooting Maj Nicholson and refusing to apologise had "co. a stray." He met the major's widow and reviewed U.S. trans in the effective his constraints. troops in the city during his six-hour stay.

At the start of his visit to

meeting on the weaknesses of cent real growth rate in defence the conventional forces of the spending has proved beyond alliance, including its ability to the budget capacities of many sustain a conventional defence

West Berlin the East German west Berlin the East German news agency said that reports in the Western media of an escapee shot dead at the Berlin wall were "lies from A to Z." It claimed that an East German hunting party shot a deer and a boar near the border. West Berlin and West German newspapers West German newspapers have published eyewitness accounts by West Berliners of a lifeless body under a tarpaulin being carried away East German border

sidering a plan of action setting priorities for tackling those problems, although their dis-cussion will inevitably be

guards.

mittee of Nato. This "conceptual military framework" continues to emphasise the danger of the Soviet Union launching an overwhelming conventional attack to which the Nato allies would be forced to reply with nuclear weapons.

Nato officials are concerned that the two-day meeting should not be sidetracked by the current controversy over the SDI research programme and whether the European countries should formally participate.

However, this was an important subject of discussion at last night's dinner among the European ministers, uncertain if they would be asked for further endorsement by Mr Weinberger at the full ministerial meeting.

the budget capacities of many member states, although Nato commanders regard it as inadequate in the light of the conventional military advantage of the Warsaw Pact forces.

Nato officials in Brussels will be presenting reports to the presenting reports to the Nato ministers will be conventional defence cussion will inevitably be dominated by the question of ammunition and equipment, the quality of its reserve troops and their training, its infrastructure for the first time with a long-torn ministers. The ministers will be conventional defence cussion will inevitably be dominated by the question of ammunition and equipment, the quality of its reserve troops and their training, its infrastructure for the first time with a long-torn members except France and Iceland, were also expected to discuss the progress last open to will inevitably be dominated by the question of a members except France and Iceland, were also expected to discuss the progress last open to ministers, who include all the European Nato members except France and Iceland, were also expected to discuss the progress last open ministers, who include all the European Nato members except France and Iceland, were also expected to discuss the progress last open ministers.

The ministers will be con-

Walker acts to head off EEC coal plans

Steelmakers want long product curbs ended

INDEPENDENT steel producers in the European Community yesterday urged a rapid
phasing-out of production controls on long products after the
campaign for the removal of
artificial distortions in the steel

According to Mr Pol Boel, lifting of controls has also been
EISA president, the restructuring process among the big subsidised producers has not gone
by other EEC steel user bodies.

According to Mr Pol Boel, lifting of controls has also been
put forward by the British Iron
ing process among the big subsidised producers has not gone
by other EEC steel user bodies.

The European Commission

artificial distortions in the steel far enough for the quota

BY MAURICE SAMUELSON

MR PETER WALKER, the UK that it would be counterEnergy Secretary, paid a figing productive.

In particular, Britain objects sidies to coal.

Warn European Commission to the demand that all details officials against proposals to of financial ald to the coal posed that coal production after which might be caused impose a succession of tough industry should be submitted to the end of this year should be in the face of Mr Walker's interest to the coarse of the c coal industry in order to reduce

while Britain shared the EEC's ultimate aim of making the coal industry profitable, the British people and Parliament

BY OUR BRUSSELS STAFF

But they acknowledged it market, would take longer to bring the It is seeking to influence the

free market back for flat pro-ducts. Shape of the steel market after the deadline of December 31 The European Independent 1985 for the elimination of sub-

end of this year,

five year plans on the British to the Commission before it is authorised by the British

the current 10-year authorisa- virtually all subsition for subsidising it expires. have disappeared.

forced to become competitive in strong protests, M Mosar also two five-year phases. In the seemed ready to replace the both jobs and production levels in an attempt to make it competitive.

He told the Energy Commissioner, M Nicholas Mosar, that while Britain shared the EEC's the current 10-year authorisations.

He told the Energy Commissioners next week are due to discuss coal production in the Community through colliery closures. At the end of this year when the current 10-year authorisation first five years jobs would be five-year plan by shorter reduced from 435,000 to 290,000 periods, possibly of a year or and output cut by 15 per cent two, and to permit some forms through colliery closures. At the end of this year when the end of the second period, with all subsidies would objects fiercely to replace the first five years jobs would be five-year plan by shorter reduced from 435,000 to 290,000 periods, possibly of a year or two, and to permit some forms through colliery closures. At the end of the second period, with the end of the second period, which is the current 10-year authorisation.

as the ambitions of Brussels to

coal industry profitable, the Having taken a strong line British people and Parliament would so strongly resent the industry being run from Brussels officials have now been dropped from the amount of the amount o

arrangements on flat products itself is now suggesting that the to be lifted. He expected that, 1985 deadline may be more despite the deadline, subsidies elastic than the political declaration which not it. Mr. Karl-

would continue to be paid to ations which set it. Mr Karl-

producers in France, Italy, West Germany and Belgium, which set it, Mr Karl-Heinz Narjes, the commissioner of industry, said last week a transitional naried would be a transitional narie

New Caledonia By David Marsh in Paris

France recalls

Pisani from

FRANCE YESTERDAY re-placed M Edgard Pisani as special envoy to the troubled Pacific territory of New Cale-donia with M Fernand Wibaux, currently ambassa-Wibaux, currency ammana-dor to Lebanon. M Pisani has been appointed Minister in charge of New Caledonia, and has flown back to Paris from Noumea, the territory's capi-

M Pisani's policies have been strongly criticised by the French opposition in recent months. Formerly the EEC's Commissioner in charge of development and Agriculture Minister under President Charles de Gaulle, he has been condemned by pro-French settlers on the islands as allegedly favouring the teritory's independence move-

His permanent recall to Paris had been expected following the Government's tougher policies over New Caledonian violence in recent months and its de delay the planned referendum on independence until after



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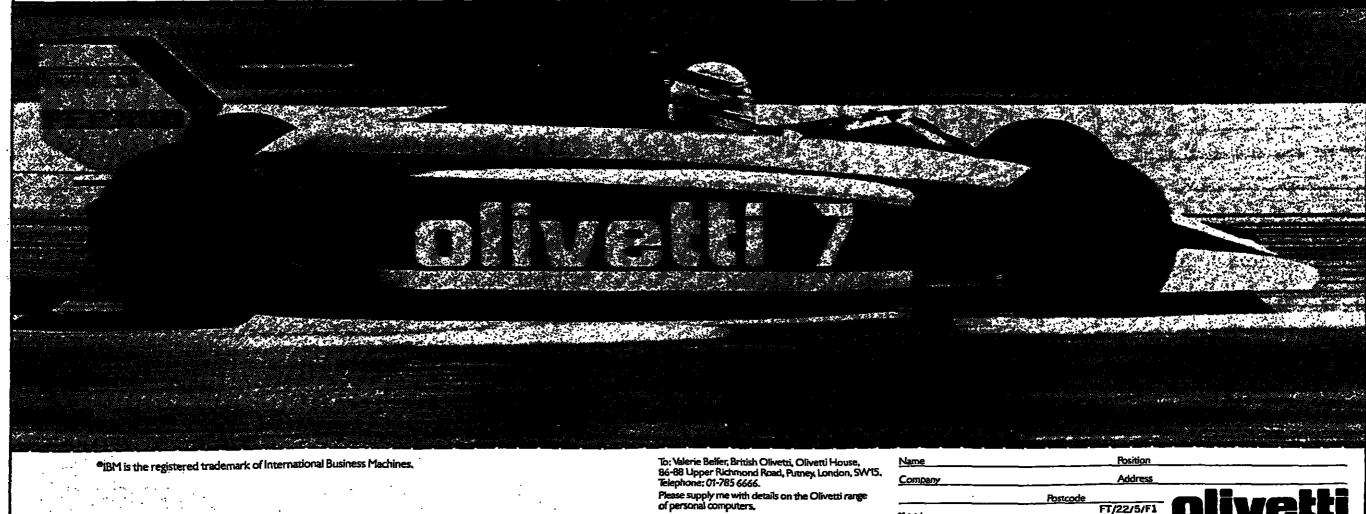
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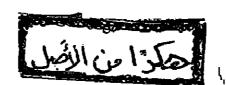
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OVERSEAS NEWS

Israeli anger grows over release of convicted terrorists

A RISING clamour of criticism of Jewish settlers convicted or and protest swept through Israel on trial for attacks on

terrorist attacks in which many ground case.

terrorist attacks in which many Israelis were killed, to return to their homes on the occupied West Bank and Gaza Strip.

"I don't know how to explain to my boys fhat the terrorist who killed their father is walking around free today," protested Mrs Dorit Rosenfeld, whose husband was murdered on the West Bank three years ago.

ago.
Mr. Yitzhak Rabin, the
Defence Minister, rejected the criticism. "The price is heavy. But we have always done all we could to return soldiers taken If it were your son being held captive, what would you say if I were not to do all I could to bring your son

and protest swept through Israel
yesterday over the decision to
exchange over 1,150 Palestinian
prisoners for three Israeli
soldiers held by a PLO splinter
group since the invasion of issued similar calls. But Mr
Lebanon in 1982,
Public anger focused on the
agreement by the Government
to allow hundreds of the release of the Israeli POWs
Palestinians, convicted of with the Jewish terrorist underterrorist attacks in which many

The Prime Minister's Office refused to comment on the proposal to pardon the Jewish terrorists. But this and the prisoner exchange will be debated in the Knesset next week at the request of a number of members.

The danger of increased violence by the Jewish settlers was underlined by the remarks yesterday of one of their leaders, Mr Elyakim Haetzni, "We shall deal with them much more harshly than before this Calamitous event."

The Japanese ambassador formally protested to the Foreign Ministry about the release of nome?"

Jewish settlers from the West
Bank went on hunger strike
outside the Knesset to seek the
parallel release of the group

Jewish about the release of
Mr Kozo Okamoto, a Japanese
Red Army member who was
part of a group which killed 26
people at Ben-Gurion airport in
parallel release of the group

1972.

Palestinians under seige in Beirut refugee camps

BY RICHARD JOHNS IN BEIRUT

PALESTINIAN fighters were still doggedly holding out against the Sm'ite Amal militia. against the san'the Amai minita, assisted by Lebanses army units, in two of three refugee camps that have been under heavy seige on the outskirts of Beirut

since Monday morning.

Together with units of the mainly Shi'ite Lebanese Army 16th brigade, Amal appeared to have brought the Sabracamp under control, though some pockets of resistance there were hampering operations by Amal against the other two camps.

Armed Palestinian elements

were stoutly resisting heavy fire from mortars, rocketpropelled grenades and heavy machine guns—and replying in kind—in the Chatila camp, near Sabra, and also the bigger Bourg at Brajneh settlement pear the international airport, where the main guerrilla strength is believed to be.

The guerrillas are mostly loyal to the mainstream Palestine Liberation Organisa-tion led by Mr Yassir Arafat. But even his opponents seem to have forgotten their differences and joined forces to repulse the Amal assault in what, it seems, may be a fight to the finish

the bloodiest single engage- the mainstream PLO in favour ments since civil war broke out of its own proteges.

fust over 10 years ago. Earlier yesterday police reported casualties at 83 dead and 392 wounded. Taking toll of Mon-day's conflict, Amal acknowledged 32 of its men killed and another 130 wounded while the Palestinian spokesman gave for his side 22 fatalities and 82 wounded. The Gaza hospital at Sabra was hit in the fighting and rendered inoperative.

Since early this year the mainstream PLO has been sending money into Lebanon to sustain and arm Palestinians who filtered back to Lebanon after their expulsion in the wake of the Israell invasion of

In doing so, they have, ironically, boosted the country's dwindling foreign exchange reserves and helped improve the Lebanese pound's exchange rate.

Commercial bankers put the inflow at no less than \$20m a month and perhaps more than Leading members of Amai

implied yesterday that the confrontation with the Palestinians had the blessing of the Syrian regime of President Hafez al Assad, recognised as ultimate despite at least seven attempts arbiter of Lebanon's fortunes, t a ceasefire.

The battle is proving one of ment to destroy Mr Arafat and

Peking to ratify agreement over Hong Kong's future

THE SINO-BRITISH agreement which are likely to be an early on the future of Hong Kong focus of attention for the joint on the future of Hong Kong after 1997 will be ratified in Peking next Monday, it was dis-

closed yesterday.

A two-month dispute over membership of the joint liaison group, the body intended to ensure a smooth transfer of power, has also been resolved. Mr Eric Ho, who is ethnically Chinese, and Hong Kong's Secretary for Trade and Indus-try, will be part of Britain's team despite opposition from Peking. He has been given full British citizenship for the

Settlement of these outstanding issues has been finely timed ahead of a highly publicised visit to the UK at the beginning of June by Mr Zhao Ziyang, the Chinese Premier. From London Zhao will visit a number of other European countries.

Agreement over membership of the joint liaison group should have been reached over two months ago. However, Peking has consistently objected to Britain's proposal to include Mr Ho in its team. After much fruitless argument, Whitehall came to the conclusion that the only way to keep Mr Ho in the team was to make him a full British citizen.

British officials insisted Mr Ho be on the group because of his knowledge of Hong Kong's involvement in international arrangements such as the General Agreement on Tariffs and Trade (Gait) and the Multi- It will continue meeting until fibre Arrangement (MFA)— the year 2000.

liaison group. Leading Britain's team will be

Mr David Wilson, the Assistant Undersecretary of State at the Foreign Office who headed Britain's negotiating team in Peking for the final difficult stages of drafting the Sino-British agreement. With him and Mr Ho will be Mr John Boyd, political adviser to the Governor in Hong Kong, Mr Tony Galsworthy, head of the Hong Kong desk in Whitehall, and Mr Peter Thomson, head of Chancery in Britain's Embassy

in Peking.

The Chinese team will be lead by Ke Zaishuo, head of the recently established Hong Kong and Macao Affairs Office in Peking's Ministry of Foreign Affairs With him will be Zheign Affairs. With him will be Zheng Weirong, head of the First Department of the Hong Kong and Macao Office answering to the State Council in Peking, and Ye Shouzeng, a member of the same office. Qiao Zhonghuai, deputy secretary general of the New China News Agency in Hong Kong, and Chen Ziying a councillor of the Chinese Em-

bassy in London, make up the rest of the Chinese team. The group will meet first in London, probably in July. It will then meet about six times a year, between London, Peking and Hong Kong. From 1988, its main base will be Hong Kong.

Sabah funds probe ordered

BY WONG SULONG IN MALAYSIA

THE newly-elected Government in the oil-rich East Malaysian state of Sabah has announced a commission of inquiry to investigate alleged misuse of more than US\$130m (£103m) of state funds by the previous administration.

The newly-elected Government that the previous government had deposited the money in a bank, which subsequently gave loans to companies controlled by leaders of the former ruling Berjaya

Datok Joseph Pairin Kitingan, the chief minister, whose party Bersatu Sabah swept into victory in last month's polls, alcompany owned by a bank director under Datuk Harris leaders, and this contravened Salleh did not get approval the Banking Act.

Tigreans in Sudan

REFUGEES from camps in eastern Sudan are returning home in large numbers. In the past two weeks 28,000 Tigreans have begun the 50-day trek back to their villages in marking with and a second succession. in northern Ethiopia, and a further 12,000 are about to leave, according to Rest the

Rest is saying it is the reports of good rains in Tigre which has prompted this massive spontaneous repatriation.

Rest's plan was that only heads of families would go back but it is clear that whole families are leaving. Many are in a poor state of health. Mr Dan Connell, an American who has worked in Tigre, says that on evidence of past migrations he expects a 50 migrations he expects a 50 per cent survival rate.

The United Nations High

Commission for Refugees is also confused. "We don't pretend to understand this phenomenen," says Mr Pierce Gerraty, the director of UNHCR in Khartoum. At the end of April UNHCR were still forecasting for an influx of 60,000 Tigreams. Now contingency plans are being put into effect should the departing Tigreams turn back and become refusees 2 second refugees a second

leave camps

By John Murray Brown in

THE MASSACRE in Anara-dhapura, which Sri Lanka's parliament will debate tomorrow on an Opposition request, has stunned the Sinhalese public, joited the Government, re-activated a long-dormant opposition and set in motion political trends that may open a new phase in the country's crisis. The most interesting development is the emergence of influential Buddhist clergy as active

ental Suddness clergy as active intermediaries, but the most puzzling aspect is the reaction of Madras-based separatist rebel groups. All of them have disclaimed responsibility and many have condemned the cold-blooded terrorist attack. On May 14, guerrillas dis-guised as soldiers hijacked a bus at the ancient Buddhist

shrine in Anuradhapura; shooting at random, they killed 145 people, mostly Sinhalese. State radio has broadcast a speech by President Junius Jayewardene twice and the island's two television stations have announced that the President will appear on prime time

tonight. His speech at the open-ing of a suburban police station

was obviously "an address to the nation." Mr Jayewardene said: "It is reported that the Anuradhapura attacks were acts of revenge for the killing of civilians in the north by security forces during of the political leaders elected the last few months. If civilians by the people. When such have been deliberately killed, leaders are not elected by the it is wrong and unproductive. people but have taken authority



Mr Jayawardene: need for discipline in the army

The security forces are trained to follow commands issued by their superiors." After a detailed account of terrorist operation in Anuradhapura, Mr Jayewardene dwelt at length on the need for discipline in the army and on the role of the security forces in a democracy, questions which are clearly causing deep official

concern and anxiety.

"In a democracy, the security and administrative services come under the control

Shops in Jaffaz closed and many people stayed off work yesterday following a call by students for a strike against army harasament of civilians, residents said, Reuter reports from Colombo.

Mervyn de Silva in Colombo reports on moves to end the country's crisis

from Colombo.

Most bases stopped running and about 200 people also observed a fast in two Hindu temples in the northern town in response to the strike call, they said.

they said.

The protests followed reports by residents that about 60 civillans, mostly Tamila, were missing and feared dead following a sweep through eastern areas of the country at the weekend by commandos. Military and civillan authorities have denied the reports.

by force and keep it by force, it is a dictatorship. I will never adopt such an attitude nor will this Government allow that to happen. That is why, in the direction of this war, orders are ultimately given by elected leaders, whoever may be in the seats of power," said Mr Jayewardene.

A few days earlier, a Sinhalese major shot dead a Sinhalese corporal who had gone beserk and killed six Tamil refugees. The officer corps is been joited into awareness of well-trained and professional, the urgent need for talks with but the average soldier is a raw the expatriate Tamil groups and village youth who has been India. Since the collapse in asked to fight an unconventional

always with the best: weapons. The Government's most notable achievement has been that, despite uninterrupted terrorist attacks and a rising death toil of service personnel, there has been no Sinhalese backlash for nearly two years. The massacre in the holy city of Anuradhapura, during which a monk and three buddist nuns were killed, had all the ingredients necessary for widespread riots in the Sinhalese south. There were none.

south. There were none. Paradoxically, this worried the Government: is the seething mass anger taking an anti-government turn? Dr Ananda Tissa de Alwis, State Minister, said: "Forty-five per cent of the people opposed the Government, right or wrong, and this percentage would like to see the Government topple."

The Prime Minister. Mr

The Prime Minister, Mr Premadasa took the same line: "It was suicidal to say that the misfortunes of the Government would be the good fortune of its opponents."

The Anuradhapura attack has made the evident ineffec-tiveness of the counterinsurgency operation a source mounting Sinhalese

However, influential sections of the Sinhalese elite have also

ference, these lines of com-munication have virtually been closed, with the Government adopting the military option more firmly.

Foremost among these opinion-making groups is the Buddhist clergy, who seem to think that enough is enough and war is too serious a business to be left to the generals or the oGvernment.

The Maha Sangha (higher clergy), led by the resepcted Asgiriya Mahanayake, took the initiative of summoning representatives of all parties to a conference in Kandy hwile the chairman of the ruling UNP wanted time to consult his executive council, four other parties resoonded responded.

The Opposition, with a feeble caucus of 14 MPs facing a solid UNP phalanx of 140 and a Government with a six-year extension after the controversial referendum of December 1982, had begun to live with the idea of a virtual one-party rule. Now

it has spotted an opening. The Kandy conference has proposed an advisory committee on national security composed of representatives of representatives from all parties, a renewed effort to reach a majority Sinhalese agreement on concessions to the Tamils, and talks with India. the Madras Government, and all expatriate Tamil groups, including the young militants. A little light has suddenly appeared at

FOCUS ON OVERSEAS INVESTMENT AND CAPITAL EXPORT

CANON: Looking at the Future

By Richard C. Honson

anon Inc. prides itself in having created an extensive worldwide sales and customer service network for products ranging from high-quality cameras to office equipment. Canon now is the biggest quality camera maker, and one of the largest makers of copying machines.

The company's strategy is to expand its overseus production capabilities, and eventually to add research and development in each of the markets where its products are in demand. That effort can be seen clearly in Europe, whose diversified markets present any number of challenges.

Canon's President, Mr. Ryuzaburo Kaku, who recently was awarded the Legion d'honneur by the French government for his efforts, recently discussed Canon's prospects along with the president of Canon Europa, Mr. Takeshi Mitarai, and Mr. Tsuneo Enome, president of the company's two European manufacturing com-panies, Canon Giessen, in West Germany, and Canon Bretagne, in

Hanson: Canon's overseas sales have risen to about 70% of the total. How does the company view its "internationalisation" from now on?

Kaku: Basically, our policy has been to sell wherever there is demand for our products. We looked at the export market from the very beginning. What we are finding is that size of our sales really depends on the population of the market. The U.S. and Europe are about twice as large as Japan. China is a bit different, because it lacks purchasing power right now.

Hanson: Are there any risks to having such a large percentage of sales outside the home country? Kaku: Japanese companies used to believe that if your dependency on

exports exceeded 50% then you were

running a risky business. We don't

think so. Where there is demand, we

will sell our products. Hanson: Looking at each market individually, how do you view the prospects? What about Europe, which last year took 27% of your sales? What about the future?

Internationalisation Strategy

Kaku: Canon's internationalisation strategy is first to establish a marketing network. Then we can move into production, and finally those local companies will be able to do research and development. What we want is an integrated operation in each country's market, so that they can function more or less independently. Right now, we have just about established a marketing network throughout the world. We are in the process of expanding our overseas production. The next stage will be R&D. If you think of it as climbing a mountain, we are two thirds of the way to peak. The last bit may be the most difficult.

Hanson: In Europe, what kind of production plans do you have? Kaku: We have both European presidents here; perhaps they can explain the details. In France, last year



Left to right: Takeshi Mitarai, President of Canon Europa N.V.; Ryuzaburo Kaku, President of Canon Inc.; Tsuneo Enome, President of Canon Giessen GmbH and Canon Bretagne S.A.

we began producing plain paper copiers at Canon Bretagne. In November, the government gave us permission to make electronic typewriters. We also expect to produce facsimile machines. In other words, what we are building is a total office automation equipment manufacturing facility. At our Giessen plant in West Germany, we are making medium- and high-speed copiers and other copier supplies. Looking ahead, we'd like to produce in Britain and elsewhere, though there aren't

any definite plans yet. Hanson: How much of your production would you like to move

overseas? Kake: Our final target is to produce in each market in proportion to our sales there. Nowadays we are concerned with problems such as protectionism, which is why we may produce abroad regardless of higher production costs. But I think that each country has its individual merits. It may be cheaper to produce in Japan now. But in some cases it will pay to produce certain products in certain countries.

Frame: If you look at costs right now, you have to take into consideration exchange rates. With the yen strong against European currencies. our European added value looks good when compared with Canon's internal costs. But if you look at components, especially electronic parts, it is very difficult to find good supplies in Europe, Looking at total costs; Europe is still about 10% to 15% higher

than Japan. Hanson: What about cameras? Kaku: It will probably remain easier and cheaper to produce highquality cameras in Japan. On the other hand, the main plant for making medium-quality cameras is in Taiwan. We may make them in China.

Hanson: Just to get back to sales. How do you go about building a sales network? Mr. Mitarai, you are in charge of European sales, could you

Building a Network

Miturai: One of the basic points is to have a very good product. In trying to establish a network in each country, the main task is to be accepted locally. You have to find the right people to work. How do you get the cooperation of local dealers and distributors? Very frankly, there may be big differences in the quality of workers in each market. Social customs and worker attitudes are different. For example, we can't twist people's arms to act as if they were, say, in Japan.

Hanson: What is it like working within the European Community? Does it help in setting up a Europeanwide network?

Mitarai: The reality is that although the EC exists, the interests of each country remain different. The attitude of the French toward cameras is different than the U.K. The EC may set basic directions for the Community, but we have to keep an eye on how each country is doing. For example, we have set up separate marketing channels for France. West Germany and Britain. They are more or less independent. Other countries are covered through Canon Europa in

Hanson: Mr. Enome, as production manager in Europe, what do you find to be the biggest advantages of having local plants?

Amsterdam.

Local Production

Enome: What we contribute most to local marketing in Europe is that we can supply goods much faster than from Japan, about twice as fast. We have to maintain good inventories in order to be flexible, so we meet each month with the sales people. We don't have research and development capabilities in Europe right now, so the things we make are designed in Japan. But, for example, when it comes to items like electronic typewriters, which differ from country to country, we have to have very subtle coordination in the local market.

Hanson: Looking at the long term, what kind of growth can Canon expect?

Kaku: The weight of the overseas market will continue to expand. As a company, we have experienced a very fast rate of growth over the past ten years. Last year, looking at Fortune magazine's directories of the 1,000 world's largest industrial corporations (500 inside the U.S. plus 500 outside the U.S.), I calculated that Canon had the third fastest rate of growth among those companies which were also on the list nine years ago.

Hanson: Are you worried about competition from the newly industrialising countries, such as South Korea and Taiwan?

Kaka: Newly industrialising countries are following us in technology, which is a good thing. But I believe that we are going to remain the front-runner in technology, while supplying these countries with technology. Hanson: Who are your toughest competitors in Europe?

Mitarai: In our product lines, the severest competition is from other Japanese companies. Take, for example, Xerox, with whom we more or less share the copier market. Our biggest concern is from products being sold by the Fuil Xerox, the joint venture in Japan. For Europe, when we talk about competition from developing industrial countries, we worry about products such as cameras being made in Eastern Europe. Hanson: What is Canon's share

of the European market? Mitarai: That is hard to say, But in the market for single-lens reflex cameras I think we have about 20% or so. In copiers, we are over 20% of the

Hanson: How does Canon view international capital markets? Kaku: European markets are very popular with Japanese companies. It is simpler and cheaper to raise funds there. Canon has issued in Swiss francs, Deutschemarks and Eurodollars. We go wherever the best conditions are. Seventy percent of our funds raised through bond issues come from overseas. We are also interested in Euroven bond issues. I am against speculative investment. We prefer to make money from our main lines of business. Our philosophy is to try to save even one yen by improving the way we produce things. Hanson: Could you elaborate on

Canon's management philosophy?

Unique Management Philosophy

Kaku: I think that Canon's philosophy is unique. If you look at the history of capitalism, there has always been a conflict between workers and the capitalist over how profits are being distributed. That has resulted in strikes and labour disputes. We as a company have looked at what the next stage in that relationship should be. What we realised is that workers and management are in the same boat. Profit isn't just enjoyed by shareholders and managers but also by the workers. That was the second stage. When I became president, I concluded that we as a company have a responsibility to the society that we are in. If we make a big profit, then part of that should be returned to the society. The company must exist for the benefit of the whole world. That is why we built a plant in France, to contribute to employment.

Hanson: Practically speaking, how do your labour relations work? Kakn: Just to give one example, this year our wage increase negotiations took only two hours to complete. We'd rather spend the time improving the company. The labour union is

Hanson: Looking at the future, how is Canon approaching technology

development? Kaku: We have just established a new research laboratory. Even if we have idealistic goals, we can't achieve them without concentrating on research. This year, we will spend about 8.5% of sales (nonconsolidated basis). Looking at our major product divisions, for example, for cameras, we should be working on stereo videos or 8mm videos and other products; office equipment should be trying to expand in office automation systems, including communications technology, and maybe even home automation systems in the future; the special optical division should be aiming at making Canon into an integrated maker of

semiconductor fabrication equipment. Hanson: What do you see as Canon's future?

Kaku: Let me explain my dream. When we have developed from cameras into good video products, and the market is ripe, we want to be competing on the scale of a Matsushita. When the current range of electronic components is replaced by optoelectronics, we want to be a supplier of components equal to Texas Instruments. We then want to use those components in office equipment to be just like an IBM. That's my dream. I don't know if we will realise it, but we will always be working toward it.

Canon inc. 7-1, Nishi-shinjuku 2-chome, Shinjuku-ku, Tokyo 160, Japan Tel: (03) 348-2121 Telex: J22697

Van Leijenberghiaan 221, P.O. Box 7907, 1008 AC Amsterdam, The Netherlands Tel: 20-448950 Telex: 15094

WORLD TRADE NEWS

West Germany may rethink policy on N-waste for China

BY JONATHAN CARR IN FRANKFURT

WEST GERMANY may be on the point of modifying its firm opposition to sending nuclear waste to China for storage there, according

to government sources in Bonn. This in turn, it is felt, could help Kraftwerk Union (KWU), the German power station builder, win business in China worth several billion D-Marks.

The matter has now become pressing because Zhao Ziyang, China's Prime Minister, is due to visit West Germany on June 10-12, with nuclear matters high on the agenda of his talks.

The Chinese have long been offering to take German spent nuclear fuel for storage, as part of their plans to help finance industrial development, including their nu-

clear power programme.

So far, the Bonn Government has rejected the idea. But it is understood that the recent firm decision to build a nuclear fuel reprocessing the Chinese will want to plant in Bayaria – after years of dis-

pute on the issue - could now prompt a rea

It is argued that the plant would deal with much of the country's nuclear waste and that a share of the remainder might be sent to China as part of broader co-operation

While KWU's hopes of China consue alone, it is felt that a change of

KWU experts are currently in

It is not felt very likely that the company would land deals to build

both plants because it is believed the Chinese will want to compare

China, EEC sign new economic agreement

BY QUENTIN PEEL IN BRUSSELS

promote the expanding commercial ticularly in new fields of advanced

The deal covering the next five years provides for considerably wider co-operation than the previous two trade agreements, including EEC support for management and industrial training schemes, exchanges of economic information and investment promotion.

It comes into effect against a background of rapidly expanding trade between China and Europe from a low level: EEC exports doubled between 1980 and 1984 from Ecu 1.7bn (\$1.25bn) to Ecu 3.5bn, while Chinese exports to the responsible for external economic Community increased in the same and commercial relations.

tracts clearly do not hang on this isstance in Bonn on nuclear waste now would come at a very helpful

KWU, a Siemens subsidiary, submitted offers in April to build two separate nuclear power plants in China - each with two reactors and faces tough competition, especially from the French.

China to answer questions on the

CHINA and the EEC yesterday period from Ecu 1.9bn to Ecu 3.2bn. signed a trade and economic co- according to the European Commis operation agreement intended to sion.

relations between the two sides par- ports remains textiles and clothing amounting to some 35 per cent of the total,

mote co-operation in new fields such as information technology, energy and biotechnology, as well as more traditional areas such as mining, agriculture, transport and com-

It was signed in Brussels by Sig Ginlio Andreotti, the Italian For-eign Minister, for the Council of Ministers; Mr Willy de Clercq as the European Commissioner responsi ble for external trade; and Mr Sheng Toubin, the Chinese minister

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CRÉDIT AGRICOLE (France)

PepsiCo to boost **Soviet business**

PEPSICO, the U.S. soft drink group plans to nearly double its Soviet ousiness through a \$2bn barter agreement which will continue rough to at least 1990.

Mr Donald Kendall. PeosiCo's hairman, and Mr Yuri B. Zhishin. president of the Soviet export/import company, signed the new trade pact in Moscow yesterday. The pact, which supersedes an earlier agreement, coincides with a visit to Moscow of Mr Malcolm Baldrige, the U.S. Secretary of Commerce.

Mr Baldrige is in Moscow for the first high-level meeting since 1978 of the U.S. Soviet joint commercial commission which he co-chairs with Mr Nikolai Patolicnev, Foreign

The deal follows a Kremlin announcement of measures to reduce the high level of vodka consump-

Under the terms of the deal, Pep siCo provides soft drink concen-trate and assists the Soviet Union with quality control. In return, PepsiCo purchases Stolichnaya vodka for sale in the U.S. where it is the

top selling imported vodka.

PepsiCo signed its first trade agreement with the Soviet Union in 1972, paving the way for it to be-come the first foreign consumer product available in the Soviet mar-ket. Its first bottling plant opened two years later in Novorossisk. Today, Pepsi-Cola is bottled in 14

Soviets. PepsiCo says that the Soviet Union is very important. It is a large, growing and profitable market. Even at corrent levels, retail sales of Pepsi-Cola total nearly

plants owned and operated by the

Paul Taylor in New York writes: PepsiCo's commercial involvement in the Soviet Union dates back to 1959 when, at Mr Kendall's instigation, the U.S. group first exhibited at the American National Exhibition in Moscow - photographs of Ni-kita Krushchev, then Soviet Prime Minister, drinking Pepsi, subsequently appeared in newspapers

Strong financial links

By William Hall in New York

the most radical reform of its trade policy since it began a period of rapid industrial would wipe out an important development after World War part of the country's manufac-Two have run into entrenched turing base. opposition from industrialists who were nurtured through this period in a protectionist cocoon. Government officials, foreign

creditors and the private sector all agree that the country's ability both to pay its debts and restore acceptable levels of growth after the worst reces-sion since the 1930s depends on expanding an export base dominated by oil.

Government Herzog. However. ires to achieve this, in particular through a scheme to liberalise imports in order to boost non-oil exports and lower domestic inflation, have rallied tectionist battle standard.

The industrial lobby has been able so far to block the key measure in an export promo-tion programme introduced last month. This measure, known as Diemex, envisaged allowing exporters to import 40 per cent
of the value of their exports free of import licences, tariffs and value added tax. The attempt to open Mexico's frontiers disappeared between

the drafting and publication of

Many Mexican industrialists are conscious that the days of the captive domestic market are over but believe the Govern-ment is resorting to "shock treatment." The nationalist and orthodox left agree with them, arguing that Mexican industrial and economic policy is being dictated by the IMF, with which Mexico is on the third and final year of an austerity programme agreed after its financial collapse in August 1982.

that to open Mexico's frontiers suddenly to a flood of imports

However, in interviews over the last 10 days, senior Govern ment officials including President Miguel de la Madrid, Sr Jesus Silva Herzog, Finance Minister, and Sr Hector Hernandez, Trade and Industry Minister, have all insisted that the Diemex scheme will be implemented, albeit in a "less aggressive" and more gradual form, according to Sr Silva

The revamped import facility is now likely to be available only to exporters of goods with at least 30 per cent local content, and the "freed" imports will be to a value of around 30 per cent of the manufac-turer's exports instead of 40 per according to senior

The controversy over trade liberalisation takes place against a background of operous debt service payments and fall-ing trade surpluses. Even after the pioneering

multi-yoear rescheduling of \$48.7bn (£38.3bn) of the country's \$96bn foreign debt final-ised on March 29, Mexico will still have a debt service bill of \$14.4bn this year, rising to \$23.2bn by 1990. Mexico's principal source of

foreign exchange is the \$160n-plus it earns from oil exports. By cutting imports by two-less attractive margins. an annualised 56.5 per cent, thirds between 1981-83 and Mexican industrialists, with a against an unreal target of 35 boosting non-oil exports, these rewarding captive market at per cent by the end of the revenues have underpinned home, have little tradition of year.

record surpluses of \$13.8bn in exporting and the non-oil At the same time, Mexico's 1983 and \$12.8bn last year. But export effort of the last three reserves—rebuilt from virtually the trade surplus for the first years has been based on surplus nothing at the end of 1982 to quarter of this year, of \$2.3bn, capacity; the cut in imports is \$8.1bn at the end of last year

Imports All Other Products U.S. Trade with Mexico 81

was down 42 per cent on the a one-off, probably unrepeat-same period last year, continuable effort if the economy is to ing the trend of the last quarter

David Gardner examines Mexico's efforts to combat opposition to its trade reforms

Industrialists keep protectionist flag flying

broken down, reflected an import rise of 37.6 per cent, a fall in oil exports of 8.6 per cent and a drop in non-oil exports of 16.3 per cent.

The rise in imports is ex-plained by private sector purchases of capital goods, reflect-ing the unexpectedly vigorous upturn of the last nine months. But this upturn, producing

record surpluses of the last without the sort of structural changes the Government is trying to introduce through its

trade liberalisation mea

The wider back-drop to these measures is also disturbing. Officials here are concerned about a further softening of oil which took three quarters of Mexican exports last year, will But this upturn, producing GDP growth of 3.5 per cent last turn down and interest rates year against an original tarket may rise; and, domestically, of 1 per cent, has sucked back in to the domestic market the surplus of goods which had per cent. Inflation at the end been sold abroad, frequently at less attractive margins.

Mexican industrialists, with a against an unreal target of 35 per cent.

and new stand at about \$6bn Senior officials estimate to put an exact figure on them, point-ing out that Mexico made heavy amortisation payments at the beginning of the year.

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The worsening trade picture has also set off a new round of hag also set off a new round of devaluation rumours, a debilitating feature of the Merican economy since the 1982 collapse. Petrobonds are the most senditive instrument to these rumours since they are backed by a fixed, notional \$29-per-barrel light crude oil price and are therefore a substitute for dollars, replacing the "nex-dollar" or domestically held-dollar accounts seized in 1982.

At the end of last week they rose by up to 8 to 10 per cent.

The ruling Institutional Revo. lutionary Party, in power for the part 56 years, faces its most serious electoral challenge for decades in mid-term elections in July, so few observers believe the Government will risk devalu-

The Government is committed to a competitive exchange rate; but ministers are insistent that the edge provided by devaluation is enhemeral (as well as inflationary) and that Mexican industry can only become really competitive abroad through structural change.
They also stress that Mexico's

liberalisation efforts will be to no avail if the trend in the industrialised countries is towards protectionism. After three years of talks, Mexico last. month reached a bilateral trade agreement with Washington guaranteeing more secure entry of Mexican goods into the U.S. market in exchange for the lifting of all export subsidies by

Cyprus pipe contract awarded BY ANDREAS HADJIPAPAS IN NICOSIA

ern conveyer project.

An official announcement said the French offer of just less than CE19.4m (\$29m) was the lowest of the biggest ever undertaken in Cy-24 tenders submitted last October. prus, is expected to cost \$380m.

Mousson S.A. has won the contract French company's offer was the for the supply of ductile pipes for most satisfactory not only because Cyprus's big water supply and irri- it was the least expensive, but begation scheme, known as the south- cause it met fully all technical requirements and was accome by generous credit facilities

The southern conveyer proje

France urges Japan to buy outside U.S.

BY JUREK MARTIN, FAR EAST EDITOR, IN TOKYO

M LOUIS Mexandeau, France's Minister of Posts and Telecommunications, yesterday joined the growing European movement urg-ing Japan not to confine itself to the U.S. in considering purchases of foreign telecommunications equip-

M Mexandeau, who is spending a week in Tokyo, seemed concerned that U.S. pressure on Japan might affect procurement policies and in-hibit joint ventures between Japanese and non-American concerns.

Political and non-technical reasons," he said, "should not be the only criteria applied."

He pointed to what he described

as proven French expertise in several areas - digital and private branch exchanges and telephone rminals. He also noted the possihilities of Franco-Japanese co-operation in satellite launches and in developing a new generation of telecopiers for facsimile transmission. While several U.S. companies

have either concluded or are negotiating co-operative agreements to take advantage of Japan's deregulation policies, European concern, seem to be facing rougher going.

The UK, for example, has recent ly drawn attention to the apparent difficulties being encountered by Cable and Wireless in its attempt to take a modest stake in Teleway, one of the putative new Japanese

communications networks.

M Mexandeau was prepared to concede that France had yet to develop trade and industrial strategies commensurate with the nation's technology expertise. A con-sequence, he said, was the fact that France only sold to Japan about 35 per cent of what it bought. M Mexandeau welcomed the first

ases of Japanese telecomm tions deregulation but showed little general sympathy for the privatica-tion of public service industries like telecommunications. A state-run had demonstrated a twin ability to compete technologically and to pro-vide basic services "to all citizens, rich and poor."

He was particularly o that extensive worldwide deregula tion, as frequently urged by the present U.S. Administration, would merely serve to exacerbate tensions between the North and South

Austria signs for Saab jets By Patrick Blum in Vienna

THE AUSTRIAN Government yes-terday finally signed a deal with Sweden to buy 24 secondhand Seab Draken interceptor aircraft to modemise its air force.

The aircraft will cost Sch 241bn (\$112m) but the deal also involves a 130 per cent compensation agreement worth Sch 2.14bn over a period of 10 years covering technology transfers to Austria and sales to Sweden by Austrian firms.

Austrian sales to Sweden will in-clude Sch 1.2bn for high-technology products, Sch 482m of various speci-fied deliveries from small Austrian companies and another Sch 73mm for other unspecified deliveries. In addition, Sweden is committed to transfer technology to Austria with the option of setting up joint ven-

tures here to the value of Sch 723m. Altogether, 23 major Austrian companies are expected to benefit from the agreement, which will inchide a joint venture between Sat Schrack, the Austrian telecommunications company, and Ericsson of Sweden to produce telecommunica-

The deal will end a long controversy about the choice of the air-

UK Government warned on textiles

BY ANTHONY MORETON, TEXTILES CORRESPONDENT

THE BRITISH Government was warned yesterday that its more liberal approach to textile trade policy was causing the industry "acute concern."

Multi-Fibre Arrangement (MFA), their full weight in the coming General approach to textile trade policy can be and clothing, but was concerned over four aspects of policy:

Multi-Fibre Arrangement (MFA), their full weight in the coming General Agreement on Tariffs and Crade (Gatt) negotiations in General Agreement of Company (Company).

Mr Harry Leach, president of the British Textile Confederation, told

the annual meeting in London that the industry remained vulnerable to events outside its control. The confederation welcomed the

of the economy.

• Insufficient attention was paid to the risk of disorder if the MFA was decision to seek a renewal of the that textile interests would be given watered down.

 The decision to go for a more liberament over practical problems in eral policy on imports of goods liberalising quotas, especially on which was based on highly dubious theories about benefits for the rest of the economy.

• Insufficient attention was paid to the sufficient attention was paid to

Two consortia for talks on HK rail system

HONG KONG'S Kowloon Canton Railway Comporation (RCR)
has selected two consortia for
detailed talks and further study
of the light rail transit system
planned for the Colony's New
Terrifories, our Trade Staff

It has named a consortium headed by Ateliers de Constructions Electriques de Charleroi of Belgium, with which Balfour Beatty of the UK is associated, and a British-Hong Kong joint venture between GEC Transportation Projects, Metro Cammell, and Gammon Hong Kong.

Hong Kong.
Schroder Wagg, the UK merchant bank, is financial adviser to the Belgian consort-Five consortia were invited

to tender for the HK\$1bn (£105m) contract to build a 23.5km double track rail transi The contract is the first

phase of a two-phase 34km pro-ject linking Tuen Mun and Yuen Long in the western part of the province. Thermal project loan

The World Bank has approved a \$300m (£250m) 20-year loan as its share of the \$1.3bn Chandrapur thermal power develop-ment in Western India. AP

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Brazil set to win approval for delaying debt renegotiation

BY ANDREW WHITLEY IN RIQ DE JANEIRO

Sr Antonio Carlos Lemgruber, the Brazilian central bank governor, was expected yesterday to conclude arrangements with the country's banks advisory committee in New York to delay phase two debt renegotiation for a further 90 days to the end of Angust.

Telexes going out to Brazil's

the end of Angust.

Telexes going out to Brazil's estimated 700 bank creditors over the next few days will be accompanied by a statement from M Jacques de Larosiere, the International Monetary Fund managing director, confirming that negotiations with Brazil on an austerity programme will commence next week.

During his meeting with the

During his meeting with the anks advisory committee Sr During his meeting with the banks advisory committee Sr Lengruber reportedly faced a barage of questions from auxious bankers over a report published in Brazil over the weekend that the country may ask for another \$4bn (£3.1bn) this year from the international financial community.

Sr Lengruber is said to have clarified that the report in question—a discussion paper from the Planning Ministry—was still preliminary.

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Lustria sign

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Patrick Blum in View

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was still preliminary.

He repeated earlier statements that Brazil envisaged it would face a \$2.5bn current

said it would seek to fill this gap with funds from the multi-lateral spending institutions and not commercial banks.

and not commercial using.

It is not clear yet how such a large sum can be raised at short notice from the only obvious sources, the World Bank and the Inter-American Development Bank. The amount needed is double their presently actionated dishuratements for anticipated disbursements for

One possibility is that Brazil One possibility is that bearing will press to revive an ambitious. World Bank-backed co-financing scheme discussed last year under the Figueiredo Goyernment. It was dropped at Brazil's request, mainly because of the then Government's dislike of the attacked conditions In his outline paper, Sr Joso Sayad, the Planning Minister, argued that if Brazil were to obtain, say, an additional \$4bn a year from its foreign bankers it could give itself more room to tackle pressing social prob-

Over the weekend Sr Sayso also called for the partial capitalisation of interest payments on the country's \$104hn foreign debt, describing it as "imperative."

Nicaragua thwarted on Toronto trade office

ANADA will not allow Nicar agua to use a new trade office in Toronto to circumvent the U.S. imposed embargo, Mr Joe Clark, Canada's Foreign Minister, said after a meeting with Mr George Shultz, the U.S. Secretary of State, in Washing-

Nicaragua moved its North American trade promotion centre from Masmi to Toronto in the wake of an embargo anon the wake of an embargo an-nounced on May 1. Canada has declined to participate in sanc-tions against the Sandinista Government, arguing that they may promote economic insta-bility in Central America.

The Canadians have also rejected attempts to make U.S. subsidiaries in Canada comply with the embargo. A law passed this year gives the Canadian Government powers to block compliance by locally based companies with foreign boycott and sanctions orders.

Mr Clark gave no indication how Ottawa plans to control the activities of the Nicaraguan office. He said it would be "inappropriate" for the office to buy U.S. made goods.

The U.S. embargo is viewed as opportunity for Canada to expand its trade with Nicaragua, amounting to C\$6711 (£38m) in 1984.

Frank Gray, recently in Havana, examines Castro's move against U.S. broadcasts

Radio battle hits Cuba's tourist dollar flow

THE DECISION by Fidel Castro, the Cuban President, to hit back at the U.S. over Washington's decision to broadcast Spanish-language radio programmes into Cuba threatens to disrupt the flow of hard currency into Cuba's vital tourism industry.

AMERICAN NEWS

Washington's ipauguration this week of Radio Marti broadcasts out of Florida, and the Cuban Government's reaction come when economic relations between the two countries, although narrowly based, have been better than at any time during the Reagan Administra-

These relations revolve around Cuban Americans who, through a special dispensation by Washington and agreement have of the Castro Government, have been flooding into Cuba as tourists at a rate of more than 1,000 a week.

The tourists, bearing much-needed hard currency, have left the big hotels of Havana awash in dollars by snapping up appliances and household goods for distribution to their Cuban

Some tourism industry officials estimate that the value of their business could, if allowed to continue, be worth \$50m (£39.3m) this year. The numbers may not equal the 100.000 expatriate Cubans permitted by President Carter to visit their home country in 1979, but their impact on the



Castro: retaliation

economy could be greater. Unlike 1979, they are inhibiated from bringing many goods into bring dollars to spend in the hard currency shops of Cuba's major hotels. The expatriate income aside, Cuba earns about \$100m a year from tourism, none of which comes from the U.S., so it is not affected by

Radio Havana announced on Monday that Cuba was suspend-Washington which involved the The Cusam Covertment yes-terday stepped up efforts to jam transmissions from the U.S. of Radio Marti, the Washington-sponsored station aimed at sending news to Cuba, Reuter reports from

A background which heard throulgout the first day of broadcasting turned into a loud drone yesterday but was not enough to blot out the broadcast.

broadcast.

Foreign diplomats said
Cuba's decision to retaliate
by suspending an immigration pact with the U.S. adn
halting visits here by CubaAmericans appeared to be
aimed at driving a wedge between the 1m strong exile
Cuban-American community
in the U.S. and Washington.

repatriation to Cuba of undesirable aliens, and that Cuban Americans are now prevented from travelling to Cuba.

Apart from academics, entertainers, journalists and members of small left-wing political groups, Cuban Americans are virtually the only Americans allowed into Cuba with Washington's blessing.

The expatriate and tourism factor has contributed to the emergence of a two-tiered economy in recent years. The major hotels in Varadero Beach

tourism centres, are hard pressed to accept anything but pressed to accept anything but dollars. The official exchange rate at hotel counters is 85 cents per peso, but Cubans without U.S. or other foreign connections are obliged to do business at the small but increasing number of high street shops, paying up to five times in pesos for comparable goods foreign visitors can buy in hotel dollar shops.

Russian-made watches such as the Wostok and Paketa marques sell for between \$60 and \$120 in shops compared with just \$20 for Japanese digital and analogue watches in hotels.

The Government seems to have accepted the unofficial 5-1 street exchange rate: a state retail shop for Cubans was opened not long ago in Havana with basic housewares costing up to five times their dollar

Counterparts.

Many of the more inter-nationally-minded trade and financial officials in Cuba recognise the need for a continued hard currency flow into the economy because the improved capacity will give Cuba the funds to buy Western goods and knowhow.

They are cautious, however, not to be too overt in their enthusiasm for fear of sending the wrong signals to Cuba's more orthodox central planners who are committed to a heavy

Such trade last year was such trade last year was worth nearly 85 per cent of all Cuba's exports, mainly sugar anud nickel, and imports. In effect, some pesos 4.5bn (\$52.9m) in goods went to Comecon and pesos 5.2bn came from the socialist bloc.

There also remains the very real fear that the sudden surge from Cuban Americans of Wes from Cuban Americans of Western consumer goods—indeed some goods, such as bourbon whiskey and housewares, are from the U.S., via Panamanian middlemen—may prove a corrupting influence. A generation of Cuba's 10m people have known nothing else but what is termed the "Triumph of the Revolution," cornerstones of which are the elimination of illiteracy and creation of a vast system of hospital and health system of hospital and health services.

immigration agreements, some 20,000 Cubans were to be per-mitted entry to the U.S. each year in return for the repaixiation of the undesirable aliens.

tion of the undesirable aliens.
One point that cannot be lost
on the Castro Government is
that such an outflow, if it is
allowed to resume, will inevitably lead to a greater influx
of well-heeled expatriates dispensing largesse to their Cuban
relatives in future years. As there are no other mean-

ingful trade relations between

Guyana fights back after IMF aid blow

By Canute James in Kingston GUYANA SAYS it intends to increase production and exports to counter the decision of the International Monetary Fund to make the country ineligible for innacial assistance.

The decision by the Fund was expected in Guyana, following the country's failure to meet its programme of lean repayments to the Fund.

Fund.
Guyana, short of hard currency, is due to pay the IMF \$31.7m (\$24.6m) this year, Mir. Cari Greenidge, the Finance Minister, said it was intended to pay the IMF \$25m, about a third of total hard currency currency expected. urrency earnings expected

this year.
So far \$4m has been paid, and the DEF felt the country was not trying hard enough.
The DEF decision will further reduce Guyana's access to hard currency support. Banks and donor countries have been relactant to lend since the last pact with the DEF collapsed in 1982.

seeking between \$150m and \$200m from the IMF, but has been reluctant to cut govern-

East Caribbean security pact likely in June

MR HERBERT BLAIZE, the Prime Minister of Grenada, said in London yesterday that the Organisation of Eastern Carib-bean States hoped to conclude a treaty on mutual security arrangements by the middle of

Under the treaty, any mem ber of the organisation could call for help from the others when their security was threatened by an outside power. The OECS groups Grenada, St Vincent, St Lucia, Dominica, Monsterrat, St Kitts/Nevis, Barbadon and Antique bados and Antigua.

Mr Blaize declined to name a definite date for the withdrawal of U.S. troops from the island, where they have been since the American intervention of October 1983.

"The Americans will stay until we have put together our own security forces." Mr Blaize said. He hoped that it would not be long before Grenadans would be looking after their

Britain and the U.S. would treaty

The Grenadan Premier, who has been having talks in London with Mrs Margaret Thatcher, the Prime Minister, Sir Geoffrey Howe, the Foreign Secretary and Mr Timothy Raison, the Minister for Overseas Development, said his visit had been "fairly satisfactory, so far."

ENVIRONMENTAL SAFEGUARDS

U.S. rethinks policy on development loans

rare and sweet victory when the World Bank last month halted payments on its \$443.4m (£343.7m) investment in a massive resettlement project in

Brazil's Amazon rain forest.
The Polonoroeste programme, encompassing an area three-quarters the size of France, most of it tropical moist forest, has long been the target of a concerted campaign, combining legislative lobbying, international pressure, Congressional hearings and widespread pub-

licity.
The involvement of key
Congressmen has raised a new awareness within the Treasury that the failure to consider the environmental impact of devel-opment can undermine the billions of dollars spent to raise living standards in the Third World. The end result of the lobbying effort has been not only the suspension of World Bank lending for one project but a new commitment by the U.S. Government to examine multiplication development hand.

more closely.

Testifying before the Senate subcommittee on foreign opera-tions early this month, Mr James Baker, Treasury Secre-tary, said the department would bring "questionable projects to the attention of senior management of the various multi-lateral development banks"
"Our own examination of
MDB projects indicates a mixed performance by the banks in adhering to their own, current standards regarding environ-mental sufeguards on the design and implementation of their projects." he said. "There have been some very well designed projects. There has also been a number of environmental projects." mentally questionable projects."

The Folonoroeste project featured a 1,000 mile road through the heart of the

ENVIRONMENTALISTS won a Amazon construction of feeder ing of numerous rural settle-ments offering agricultural credit and assistance, health care and education. The Bank had built environmental safe guards into the programme and had provided for the protection of the lands of the 6,700 Amerindians in the region, but the stipulations simply were not

met by the Brazilian agencies involved. As early as 1983, Mr David Price, an anthropologist and former World Bank consultant warned that the project was encountering grave problems. Paving of the highway was ahead of schedule, but provisions to protect the Indians had not been implemented. Most indigenous lands were not demarcated, economogical reserves had not been set aside, and massive, unplanned migra-tion was resulting in increasing

Mr Jose Lutzenberger. raised even more serious charges before a House subcommittee last September. The Polanoroeste project," he said, "is a method of decreasing the risk and increasing the security risk and increasing the security of the large landowners, and it does this by removing some of the rural poor from the regions where they were born.

Dr Jim Lee, head of the bank's office on environment and science, says recommendations for increased consideration of environmental problems presented by a House banking subcommittee and the U.S. Treasury are now under U.S. Treasury are now under advisement by senior management. The Bank has recently issued new guidelines on pesticide procurement and use and

for potentially hazardous in-

dustrial projects. "We are ready to respond to emerging

conditions," he said.

found something no-one else could give him. Answering his deepest needs. Plus a few he hadn't realised

told me. Calmly announced he'd

I remember the night Tom

he'd had.

The new Triumph Adler Alphatronic micro-computer had arrived in Tom's life. And it was to have a profound affect on our relationship.

Sleepless anguish.

For months, he'd suffered the sleepless anguish of not knowing which way to turn.

After all, choosing a micro for one's business is a difficult and confusing affair.



Things are better since my husband started sleeping with his micro-computer:

"I'm so scared" he confessed one morning at three o'clock. of buving some trendy machine that'll date quickly, or fail to run the programs I need."

But now, he'd been introduced to the new Alphatronic And it had been love at first byte.

Not like the others.

'It isn't just a copy of all the others, he enthused. It's faster and better thanks to one of the first Intel 80186 processors. With a capacity large enough to easily accommodate my expansion plans.

"Listen, darling," he whispered, excitedly, "whereas others take up to two minutes to warm up, that powerful, 16-bit chip means the Alphatronic is ready to use in seconds. Then it goes on reacting faster to all your instructions

The characters are all large, clearly readable, with pin-sharp resolution. Glowing in a really restful amber colour.

He was in raptures, I was so happy for him.

Beautiful ash-blonde.

'Is this new love of yours very beautiful?" I asked.

'Ash-blonde, with auburn details, he replied. And ergonomically designed. So, it isn't inst user-friendly, it's more user-affectionate."

This was Tom's sweet way of saying how the Alphatronic is designed around the user's needs. The keyboard, for example, is structured to make everything totally accessible.

But then, it's the sort of keyboard sophistication you'd expect from people as experienced as Triumph Adler. Those German designers certainly know about marrying form to function. I mean, look at Andi cars."

For a moment, I thought he'd gone off at one of his tangents, but then he told me that Triumph Adler are, indeed, part of the VW-Audi organisation.

All of eighteen.

With a full eighteen function keys where others offer only ten, the Alphatronic will certainly make life easier by being much less complicated to operate.

Tom says it's even gone as far as to use separate cursor control and numeric key pads.

Though, I must admit, he lost

"Then there's the Alpha Key," he shouted from the shower. "It means that, with a single key stroke, you can suspend any program and use the machine as a typewriter, with everything you type appearing on the screen."

"And the wrist-rest," he gasped, as he did his sit-ups. I find it such a sympathetic thought."

"In fact, I'm amazed it hasn't occurred to anyone else."

"So now, he said, as he snuggled down beside me, "it'll be really easy to keep all my accounts up to date and accurately control my stock levels. What's more, all my typing will be automated."

"And I can relax, because I've found the perfect micro for my needs at last."

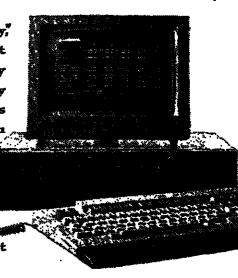
He was dozing already. But just before he dropped off, he murmured, IBM compatible. And sighed, blissfully.

It's so nice to have my husband sleeping with me again.

For a free, full-colour brochure on the new Alphatronics simply send your business card or letterhead to:

TRIUMPH ADLER (UK) LTD, FREEPOST, LONDON ECIB LAB. TELEPHONE: 01-250 1717.

TRIUMPH ADLER You won't lose any sleep over us.



Tokyo could face trade sanctions 'by year end'

BY ANATOLE KALETSKY

JAPAN MAY face protectionist measures against its exports before the end of this year unless it adopts quantifiable import targets and shows a willingness to be measured by them," Mr Norman Tebbit, the Trade and Industry Secretary,

Mr Toshio Yamazaki, the Japanese Ambassador to Britain, was also warned last night by several Tory MPs at a stormy meeting at Westminster, that Japan must open up its markets to other countries otherwise protectionist pressures

would be impossible to resist.
In a toughly worded speech to the annual dinner of the Confederation of British Industry (CBI), Mr Tebbit roundly denounced Japan for "riding on the back of the open trading system" and "putting less back into it" than Europeans and Ameritable trading on the back of the open trading of of t

Japan's trade surplus were "hard to out "early, measurable" progress on to "offer some adequate" with the heavy use of aid such targets, pressure in the U.S. Mr Tebbit said.



must set targets'

ment that it was trying to reduce reduction of its trade surplus. With pan's foreign purchases, it was easy

for "unilateral action against Japanese goods may become irresistible me this year," he said.

Such U.S. action against Japan would in turn "encourage parallel measures" in the European Community in an "attempt to prevent Japanese goods excluded from the U.S. market from being diverted" to Europe, Mr Tebbit added.

The British Government would "strongly regret" any such action against Japan because it could lead to a rapid unravelling of the open trading system; but at present "Ja-pan is simply not perceived as a national open trading system." In Japan, manufactured imports

amounted to only 2.4 per cent of GNP, against a share of 5.6 per cent of GNP in Europe and 5 per cent in

cans had a right to expect. He called on the Japanese Gov- If the Government was genuinely

Claims by the Japanese Govern- ernment to set clear targets for the looking for ways of increasing Ja-

Plea to keep costs down

BY PHILIP BASSETT

THE GOVERNMENT must avoid imposing additional costs on industry which would make it more difficult for companies to continue the present economic recovery. Sir James Cleminson, president of the

The Government had created a business climate which had made possible "the renaissance of growth." It had relieved industry of many of the burdens which had been imposed upon it such as ex-

But it was necessary for the Government to avoid replacing these burdens with others. Energies now being released in Britain were en-couraging enterprise and initiative and there were signs of several years of real promise for industry.

Although most company profit levels had improved, however, their increase was from a very low base, and returns were still not as high as the countries with which industry

Sir James denied being either though he accepted that the CBI took a better view of the economy than did the Government.

He pointed to differences of attiinvestment, tracing their roots in and said that Britain needed to emulate to a greater degree this element of personal initiative and self-

Thatcher listens to criticisms of policies

MRS MARGARET Thatcher, the Prime Minister, was yesterday told about Conservative backbench concern over the Government's recent performance and presentation of

Mrs Thatcher met the executive of the 1922 Committee of Tory MPs for 40 minutes, in her House of Commons room. Such meetings are neld regularly but yesterday's had an added significance because of the recent widespread unease among Tory MPs.

Afterwards, there was a deliberate attempt to play down the importance of the talks. Senior back benchers said it had been "low key," "restrained," and one prominent Tory even described the comments as

The executive of the 1922 Committee contains a wide spectrum of backbench opinion, including two sponsors of Conservative Centre Forward, the new party pressure group headed by Mr Francis Pym. Some senior Tories feel that the

Government has made a number of notably over the handling of the decisions about social security and the future of local rates (property

There is pressure for some of the more controversial items, such as the phased ending of state earn-ings-related pensions, the removal of restrictions on Sunday trading, and legislation on animal rights to be dropped or delayed. But there is no sign that Mrs Thatcher and her allies have any intention of changing the Government's legislative programme, and indeed they have

AGREEMENT TO CO-OPERATE IN PORTFOLIO MANAGEMENT

Barings to partner Japanese bank

BY YOKO SHIBATA IN TOKYO AND GORDON CRAM

BARING BROTHERS, the UK merchant bank, is seeking to establish a presence in portfolio ment for Japanese institutional investors through a consultancy and marketing agree-ment with Long-Term Credit Back of Japan (LTCB). The link with LTCB - tradi-

tionally a supplier of finance for industry but fast developing into a broad-ranging financial supermarket - is one of several agreed in recent months between Japanese and foreign banks as part of a deregulation of Japan's finan-

Unlike the other tie-ups, the Barings deal is not thought likely to be subject to regulatory ap-proval from the Japanese Minis-

partnerships such as that proposed earlier this month between Barelays Bank and Toyo Trust and Banking - is expected to be circumvented in this case because Barings and LTCB do not plan to establish any formal joint venture company.

months for fund ma

tails of which emerged yesterday, provides for co-operation in investing Japanese institutional funds in international fixed-

income and currency markets.

Barings and this was the first time that a Japanese strange tion of the stature of LECS country's big lour securities

foreign partner. It diressol flat no equity link between the two was planned and that the artangement did not prevent Buings seeking other deals in Ja-

According to Mr John Melerm, a Barings director in London, the Bolish institution saw the "considerable marketing power" Hered by LECB as a major how-

"In addition, we think it has a

very good name in Japan," he added. Weezen my quite insent-Mr McLaren said that, for its ven peert, Barings could perswide I greater intermediate to expend

Funds are expected to be attracted from Japanese business as well as from the country's smaller regional busines and in-SUPAINCE COL Research, on existing investment company in which LTCB and Datichi Securities with which the Inpance hash has other close links - are joint shareholders.

LTCB has a 7.5 per cent shake In Delicial, which also ranks below the hig loar but is noted for its bond-dealing operations.

Burings that separate in activities including Buring International Investment Manage ment, an equity specialist which will not be affected by the account

Attempt to

cut Iberia

AN ATTEMPT by the Department

of Transport to cut the number of

lights between London and Madrid

by Deria, the Spanish flag witine, has been blothed temperarily by the High Court in London.

Mr Denais Henry, QC, for theria, yesterday successfully agained for the temperary for the temperar

ment's action, pending a full hear-ing of the autime's High Court ac-

tion challenging the legality of the Mr Henry told Mr Justice Web-

Mr Henry told par Jestice Web-ster that the arrine would be allog-ing that the minister. Mr Micholas Ridley, in avoking powers ander Article 59 of the Air Newigation Or-der, 1900, which gave him the right to revoke, suspend or vary litences, was under the mistaken belief that

the Spanish Government was in breach of its airline treats obliga-

Mr Heavy said that the miline

would do everything in its power to

the matter come to the full-scale

13 SER KENTH JOSEPH, Education

Secretary, last night made an initia-tive to end the teachers' pay dispute

money available for salaries next

year and an offer to exempt hinch-time supervision from teachers' du-

co-operate with the minister before

earing, for which no date has yet

The minister had a

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Education plans put greater emphasis on technology

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

THE GOVERNMENT will take a stronger hand than ever before in 1990s, says a Green Paper (discussion document) on higher education

Ministers will be "fully engaged" for a cut of more than 14 per cent in student numbers between 1990 and 1997. "It is not improbable that some institutions of higher education will need to be closed or merged," the document states.

The prime concern of policy over the support of most backbenchers. I the next 10 years will be to increase

the numbers of young people study-ing technology and to a lesser ex- by 26 chairmen and senior manag tent science. The proportion of arts ers from companies in information places in higher education as a whole can be expected to shrink."

Scientific and other research will tions, with the result that some universities may lose most if not all of their research funds.

The paper urges industrialists to support the changes in various ways including the award of better pay, promotion prospects and status to people with engineering and other technological qualifications.

technology and related fields, who met Mrs Margaret Thatcher, Prime Minister, yesterday to discuss the

by Sir Keith Joseph, Education Sec etary, Mr Norman Tebbit, the Trade and Industry Secretary, Mr Tom King, Employment Secretary: and Lord Young, Minister without Portfolio with special responsibility

Outlook 'hopeful' for cable television

THE OUTLOOK for cable television n Europe is slowly improving and is now more promising than at any time for the past two years.

The qualified optimism emer

from new research carried out by Communication and Information Technology (CIT) Research, the UK pecialists in the new media. CIT says that 8.5 per cent of homes in Western Europe are con-

nected to cable and this percentage could double within 10 years. Last year the penetration of cable in Europe rose by 8.5 per cent. the cable industry could generate annual capital expenditure of more than 51bn by the early 1990s. Sub-

a year could increase fivefold to tion of European cable networks.

feature of the last year has been the emergence of a more realistic attitude to the construction and opera-Mr Patrick Whitten, managing divinced that it will be a communication of CIT, says: "Blind faith in success in all cases, however."

BY DAVID GOODHART, LABOUR STAFF

The union still faces five charges

Print union pays fine

for contempt of court

that it had paid a £500 fine for consistance to the law since its defeat tempt of court arising from its new in a 1983 dispute over the closed

technology dispute with the Wolver shop (employment of union mem-hampton Express & Star newsper bers only) with the newspaper

of alleged contempt of court brought by the Express & Star and in a sister company, Precision Colour junction requiring a secret ballot of Printing - which could in the last

resort lead to sequestration of its all action. The fine for contempt was assets. The union will be represented today at the court hearing.

The NGA has probably fought "blacking" (refusal to handle work) harder than any other union of Precision Colour Printing.

taons with Britain. technology for technology's sake, is in decline. People have to buy the duce therin's flights by 25 per cent, programmes and services on offer, which wind have had a serious eiand this means a more practical fect upon it during the coming peak and realistic approach."

Britain will, however, lag behind countries such as West Germany in the level of cable penetration. By 1989 CTT believes that 6.5 per cent of homes will be attached to a cable portion of that will be sophist By then, 12 per cent of German

homes will be on cable but three! quarters of that will be advanced systems because of a \$300m a year investment by the Bundespost Already 1m homes are on cable in criber revenue, now around \$400m year could increase fivefold to ome \$2.2bn by 1995.

CIT says that the most optimistic which can deliver satellite proscriber revenue, now around \$400m grammes to small existing cable. networks is one of the interesting

O MR GEOFFREY KIRK, the former director of public relations for the National Coal Board, has died in a sailing accident.

Mr Kirk, who was 63, was dismis new media markets in Europe. The research group is not con-vinced that it will be a commercial

2305

sed from his post last year during the miners' strike after policy and operational disagreements with Mr Ian MacGregor, the board chair-

☐ MB DAVID STEEL, the Liberal leader, called on the Brilish and U.S. governments to take the lead in forcing the South African Gov-ernment to abandon its racialist SOLICITORS for the craft print against the Conservative Govern-union, the National Graphical Assoment's trade union laws. But it has cistion (NGA), revealed yesterday taken a more pragmatic line on re-

Speaking at the conference of Commonwealth representatives in London, Mr Steel said change leading to majority rule in South Africa and Namibia was inevitable.

C HABITAT stores chain, part of the Habitat/Mothercare group, is to expand its European operations by opening two stores in the Nether-lands. Habitat, which has 46 UK stores, already has 23 outlets in France and three in Belgium and sees expansion in the Netherlands as a logical development

U COOPERS & Lybrand is now the UK's biggest accountancy firm, according to a "Top 50" league table published in today's UK Accounting Bulletin.

Changes in Scottish pub laws cause 'more sensible' drinking

group of Mr Eddie Shah.

BY LISA WOOD

CHANGES in licensing laws for pubs in Scotland appear to have led to more sensible drinking rather than offering a temptation for people to drink more, according to a survey published yesterday by the

More flexible licensing hours were introduced in Scotland in 1976. The results of the Scottish Office survey, conducted by the Office of Population Censuses and Surveys, is likely to have a significant effect on the Government, which is reviewing the laws in England and

Pubs in England and Wales are restricted to fixed opening hours at lunchtime and in the evenings and the serving of alcohol is also limited by law in restaurants.

Mr George Younger, Secretary of State for Scotland, in a written par-liamentary answer, said that while hol consumption in Scotland be- lar, towards women's drinking.



Mr George Younger tween 1976 and 1984, it was unlikely

that it was a direct consequence of the changes in the licensing law.

Mr Younger said: "Since the law was changed there has been a wide improvement in the image of public houses (pubs) throughout Scotland. The survey suggests that this is probably the reason more women now drink in pubs and are more inclined to accompany their partners

The Brewers Society, in response to the report, which will be followed by a fuller analysis said: "Government statistics have shown that in the past five years drunkenness convictions in Scotland have fallen by 41 per cent for all ages (9 per cent in England and Wales) and by 49 per cent for the under 25s (12 per cent in England and Wales).

It is now time that a similar framework of flexibility should be According to the analysis the allowed to the English and Welsh more probable cause was a change after 70 years in a straintendent of a after 70 years in a strait-jacket of a the preliminary analysis showed to a more relaxed attitude towards licensing system that prevents fair drinking in general and, in particu-

BAYERISCHE LANDESBANK AGAIN A STRONG PERFORMANCE.

 Balance Sheet Total rises to DM 104.8 billion Operating results reach new record level Net Profit up again Foreign bond syndications double London, New York and Singapore branches strengthen their position Broad commercial paper activity in New York Bayemlux Balance Sheet Total: DM 9.1 billion

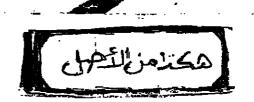
Highlights from the Balance Sheet as of December 31, 1984

Assets	(in DM million)	Liabilities	(in DM million)
Cash	758.3	Due to banks	26,466.4
Bills	306.6	Other creditors	10,437.9
Due from banks	29,115.1	Outstanding debentures	42,247.4
Treasury bills and other securities	3,671.4	Loans on a trust basis at third-party risk	11,441.3
Due from customers	47,842.4	Provisions	660.1
Loans on a trust basis at third-party-risk	11,441.3	Nominal capital	850.0
Participations	517.5	Published reserves	1,626.0
Land and buildings	546.8	Profit	59.5
Other assets	2,143.5	Other liabilities	2,869.4
Assets of Landesbausparkasse (Building and Loan Association)	8,482.0	Liabilities of Landesbausparkasse (Building and Loan Association)	8,166.9
Total	104,824.9	Total	104,824.9

Head Office: Brienner Strasse 20, 8000 München 2 Tel.: (89) 2171-01, Telex: 5286270, Cables: Bayembank Munich Branches: London, Tel.: 726-6022: Singapore, Tel.; 2226925; New York, Tel.; 310-9800 Subsidiary: Bayerische Landesbank International S.A. (Bayerniux), Luxembourg, Tel.: 47 59 11-1 Representative Offices: Toronto, Tel.: 862-8840 Vienna, Tel.: 663141; Johannesburg, Tel.: 8381613

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Senior posts at **Pilkington Group**

The PILKINGTON GROUP has named chief executives for the group's major UK operating companies and divisions. All are internal moves, and are part of the company's decentralisation policy. Mr Glen Nightingale becomes chairman and chief executive, Pilkington Glass; Mr Alan Judge, chief executive, insulation division; Mr High Gair, chief executive, reinforcements division; and Mr Alan Nichelsen, chief executive, contracting division.

Nichelson, chief executive, contracting division.

Mr Albert Shepard Mr Anthony Pole, Mr Nicholas Stacey and Sir Peter Blaker have been appointed directors of IAMCO (INTEGRATED ASSET MANACESTED). Mr Street MANAGEMENT CO). Mr Stacey has also become chairman. IAMCO is a subsidiary of Integrated Barter International Inc of New York.

C. H. PEARCE AND SONS has

C. H. PEARCE AND SONS has made the following appointments to subsidiary companies. At Pearce Developments Mr John R. Alien and Mr William Lawrence Clark will become directors on July 1. At C. H. Pearce and Sons (Contractors) Mr Greham Jones and Mr Malcolm Mace will become directors on July 1.

OFFICE CLEANING SER-VICES has appointed Mr Gerald Bowthorpe its managing director. Mr Bowthorpe, who has been a member of the OCS board since 1964, succeeds Mr James White, who has been appointed chairman. The former chairman of OCS, Mr Derek Goodliffe, has been elected presi-dent. Mr Goodliffe is also the chairman and managing director of the OCS Group. of the OCS Group.

THE SCOTTISH NEWS-THE SCOTTISH NEWSPAPER PROPRIETORS' ASSOCIATION has re-elected Mr
Kesneth Whitsen as president
for 1965-86. He is chairman and
managing director of D. and J.
Croal, qualishers of the East
Lothian Courier. Mr Izin
Bomanes, managing director of
The Dunfermline Press, and Mr
Derek Small, managing director
of The Tweeddale Press, continue as senior and junior vicepresidents respectively.

LYNDOE (HOLDINGS) has acquired Fringe Benefit Invest-ments and appointed Mr Mikal Lyndoe as managing director, Mrs M. Jeanette Lyndoe as financial director and Miss B. Taylor and Miss S. Chariton as

Mr Jehn F. Willmett has been appointed to the board of JOHN Mr J. P. Ferd has been WILLMOTT DEVELOPMENTS. appointed to the board of RE

Mr Tony Chilvers, formerly with Dun and Bradstreet and Donnelley Marketing in Europe, has been appointed to the new role of managing director of GCK MARKET RESEARCH, based in Chelmsford, Essex.

based in Chelmsford, Essex.

LEEDS AND HOLBECK BUILDING SOCIETY has appointed Mr Peter A. H. Hartley its president. He is executive chalman of Hillards Supermarkets and joined the Leeds and Holbeck board in September 1978. The Lord Marshall of Leeds has been appointed vice president. Lord the Conservative Party and a vice-president of The Building Societies' Association.

housing divisions—has arready to build the first of six country towns for about 14,000 people each. This is at Tillingham the Green Belt designed to protect the countryside around London from development.

The conservative here of the housing problems of the south-east where, it says, a minimum of 884,000 new homes will be needed by 1991.

This figure is reached by

Ms Mair Barnes has joined the board of F. W. WOOLWORTH as managing director of F. W. Woolworth superstores division. Ms Barnes previously held a senior post in the House of Fraser Group as managing director of its Dingles department store grays.

his post as director of marketing and information at the MAN-POWER SERVICES COMMIS-SION to go into consultancy. His successor will be Mr Barry

Mr Antony Purkis has been appointed managing director of RUBEROID BUILDING PRO DUCTS. Mr Purkis, who joined the company in January 1884 as marketing director, replaces Mr Geoffrey Parkin, who is now group operations director.

Mr David Gregory, managing director of Realstone has been elected president of the STONE FEDERATION for 1985-86. The new senior vice-president is Mr Robert Ogstsm and the junior vice-president is Mr David

Mr Jenathan Shier has been appointed as director of sales and marketing of THAMES TELEVISION, with a seat on the board. He is currently director of sales and marketing at Scottish Television, where he has worked since coming to the UK in 1978. He will take up his appointment on July 2.

WILLMOTT DEVELOPMENTS. appointed to the board of BB He is the fifth generation of the CAPITAL MANAGEMENT.

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The Financial Times is publishing a booklet, 'Capital Gains - the Key Figures for Calculating

your Tax, listing all the key prices for March 31, 1982, and April 6, 1965, as they appeared in the

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Joan Gray reports on how government forecasts are being cited in support of an Essex building plan

Unlikely allies in the battle of the Green Belt

CONSORTIUM Develop has found some unlikely allies in its campaign to build country towns in London's Green Belt the Department of the Environ-ment's statisticians.

The consortium—a group of nine of Britain's biggest builders including Barratt Developments, Wimpey Homes, Tarmac, and Bovis' and Beazer's housing divisions—has already put in a planning application to build the first of six country

This figure is reached by starting with the Department of the Environment's latest forecast that 720,000 new households will be formed in the region between 1981 and 1991, and then adding another 35,000

60,000 more to replace houses which have reached the end of their useful life. The estimate that 720,000 unew households will be formed in the South-east by 1991 is a revision of a November 1984 DoE forecast which predicted the formation of 543,000 new



households by 1991. The increase was announced to of the Council for the census, by the DoE in February this pear, but was little noticed describes the DoE's latest until Consortium Developments used it in its calculations.

Now it has become central to the vexed issues of housing higher" than the earlier figures. and then adding another 36,000 until Consortium Developments houses to allow for mobility, a further 68,000 to combat Now it has become central further 68,000 to combat Now it has become central "stagge. London's housing shortage, and to the vexed issues of housing higher"

> meet it is to come from. In the absence of any go ernment guidelines about the number of houses to be provided, these questions have been left open to intense lobby-ing and debate by builders and

Mr Robin Grove-White, direc-

able people feel deeply un-easy," he says, particularly as they form "the basis on which Consortium Developments is claiming a major shortfall of building land and a housing

But Mr Lee Shostak, a consultant from Conran Roche commissioned by Consortium Developments to help prepare its plan, says the DoE's lower estimate of \$48,000 new households was a "politically constrained figure taking account of the amount of land which is to be released, while the 720,000 forecast is not politically constrained by land availability."

The truth, it seems, is less

The truth, it seems, is less exciting: statisticians have enough trouble producing a mechanical, objective prediction of new household formation without dabbling in messy subjective political issues.

The reason for this latest change is a purely mechanical matter of statistical refinement. Both forecasts were produced using data from the last four censuses, including the 1981 census, but the lower, earlier figure was produced by lumping people into 15-year age bands, 15-29, 30-44, 45-59, and

Closer examination of the figures revealed mini-bulges of 10-14 year-olds and 15-19 yearunlikely to be heads of house-holds at the beginning of the decade and highly likely to be end of it. So the forecasting method

was refined by dividing the pop. followed by a forecast of 381,000



ulation into five-year age bands —and it was this reworking which produced the prediction of 720,000 new households by 1991 instead of 543,000.

The size of the increase was a surprise and an embarrassment —but not Machiavellian or politically motivated, according to DoE officials.

the DoE's forecast of 543,000 new households to 1991 was

new households to 2001, the latest 720,000 forecast is followed by a projection of 314,000 new households for 1991 to 2001.

None of the DoE's current projections take account of social changes, such as the increased tendency for young singles to set up home on their own, elderly people to live alone, or the rise in the number of single parent families, all trends which point to a growing number of smaller households.

These changes will be incor-These changes will be incorporated into the department's next projections, to be released in 1986, and will fuel the next round of the debate.

For Consortium Developments For Consortium Developments' proposal to build at Tillingham Hall is expected to lead to a public inquiry which, in its turn, would need a final decision by Mr Patrick Jenkin, Secretary of State for the

The issue is a very sensitive one. As Mr Stephen Byrne, president of The Royal Town at looks less staggering in the context of the total 7,042,000 households projected for 1991.

The change in statistical method also affects the number of new households predicted for the decade to 2000.

and planners anxious to see if it sets a precedent for breaching the Green Beit and using it

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FINANCIAL TIMES CONFERENCES

AFTERMATH OF THE STRIKE



after South Wales. In the year before the miners' strike they lost £74m, or nearly £14 a tonne, on all the coal they

Although the Scottish workforce shares South Wales's reputation for militancy, it now has less reason than the Welsh to fear a rapid avalanche of closures in the wake of the

strike,

This is because the painful process of balancing production with the market for coal was largely completed by Mr Albert Wheeler, its stern and single-minded Area director, whose departure this month for the new unified Nottinghamshire area was halled with near-hysterical relief by the Scottish National Union of Mineworkers. During his five years in office, the Scottish workforce fell from nearly 20,000 to below 12,000, while his parting shot was the while his parting shot was the closure of Polkemmet because of damage caused during the strike. By the end of the year, the workforce should settle at just over 9,000.

Mr Wheeler's successor is his former deputy in charge of administration, Mr John Loudan and the contrast between the two men could not be greater. Mr Wheeler, still in his early 50s, is an austere, somewhat puritanical mining engineer who attacked the problem of surplus capacity with the efficiency of a high powered shearing machine,

An accountant by training, Mr Louden is by contrast the NCB's first non-mining engineer to become an area director. A large, avuncular man of 64, he had been due to retire at the end of this year and seems slightly bemused at being given this promotion so late in life but he clearly relishes it and will happily stay beyond the end of the year if invited to do so. Despite his outward contrast with Mr Wheeler, Mr Loudun says the Scottish mining industry's objectives remain un-

predecessor's performance, and points both to the problems and the opportunities still facing the

Although Mr Wheeler had His confidence is strongly brought production into balance echoed at Monktonhall, near

Scotland: a battle to win the men's hearts and minds

Continuing his series, Maurice Samuelson looks at a region where the

first non-mining engineer to become an Area Director

has taken over from the controversial Mr. Albert Wheeler

THE DEEP-MINED pits in with the market Mr Loudun Edinburgh, whose ebullient Scotland are the costliest part says the industry is still under manager, Mr Willie Kerr, vows of the British coal industry pressure to bring costs down that it is going to be "the from about £50 a tonne towards number one pit in Scotland, £40. Other challenges include the jewel in the NCB's crown." f40. Other challenges include the jewer in the pit will have to loss-making pits, and the need start producing 18,000 tonnes of coal a week, compared with face of the electricity industry's growing use of nuclear power.

> Mr Loudun insists that the board is trying hard to extend the life of the two surviving Ayrshire deep mines, Barony and Killoch, whose poor geology is the main-cause of their high losses. If they are not saved, the Scottish coaffield will be be a second their high losses. will be left with five main coal

producing projects: the Long-annet and Seafield complexes, Comrie, Bilston Glen and Monktonhall. This is apart from the large open cast sector

that it is going to be "the of coal 2 week, compared with the 12,000 tonnes which is the maximum it is producing now in one of its better weeks.

It will hit this target, he says, as soon as it receives deli-very of the new machinery it needs to work a third face. At nearby Bilston Glen, which like Monktonhall has enough coal to ensure its survival well into the next century, breaking even means raising output from 18,000 tonnes a week to 20,000

At both pits, output is being increased by going over to the

relationship between manage-ment and workforce to replace the suspicions of the past. At Monktonhall, where the work-force has been cut from 1,800 to 1,200, the task has been to convince the men that there is no danger of the mine being

"In the past, this was a fairly political colliery. But I doubt if that can be claimed now," says Mr Kerr.

Mr Tom Gaw, the Bilston Glen manager, whose 1,850 men include 200 from Polkemmet, says candidly that however one interprets the outcome of the miners' strike, the fact that it broke out at all was a result of management's failure to keep

The major problem at through to the men by a pro-both pits is building a new gramme of regular discussions about the pit's prospects and their performance, backed up by regular newsletters and use of video equipment. Every Wednesday, for exam-

quarter in the middle of the day in a general discussion with 80 to 100 men, "trying to break the fallacy that just because we are a nationalised industry that does not mean we have a God-given right to

He says he refrains from trying to convince them that the pit's future is "untouchable"; be concentrates instead of telling them the pit's broad objec-tives, detailing the equipment that is being purchased "and where we are going."

next general election the union's influence in the running of the industry would be restored to its former strength.

Mr Gaw is distressed at the running conflict with Nacods, the pit officials union, which he says, has made antagonists out of the Board's "first-line man-Meanwhile the Scottish NCB

Marie San Carlo

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differs from other areas of the industry in that its director is also responsible for most of the open-cast contractors. With deep-mined production down to 5m tomes a year (compared with 23m tomes when Mr. Loudun joined the Scottish NCB in 1947), the open-cast sector represents a major part of its business. Output here as

Although it is suggested occasionally that all open cast coal might be privatised. Mr London points out that the two activities have been combined successfully in Scotland, where most open cast coal is blended with deep-mined coal for power The Board points out that

because the open cast produc-tion is highly profitable, it can help pave the way for the whole. As for new business, the Scot-tish NCB is now seeking to supply the 1m tonnes of coal a year which will be needed to convert Northern Ireland's Kilroot power station from oil. The Board hopes to supply the station from open cast work-ings from Ayeshire and an nanuacements in Belfast is expected shortly.

The board, moreover, is following keenly the proposals to increase the amount of electri-city which Scotland will be able to export "by wire" to the grid-in England. This should help offset any loss in power station orders because of nuclear electricity. It is also keen to export more to Scandinavia, which prizes the low sulphur content of Scottish coal. But all these opportunities will depend on the coalfield's success in main-taining and building on the achievements made under the formidable Mr Wheeler.



Two faces of mining: back at work and picketing in earlier days

for which he is also responsible. There is no reason, he says, why Bilston Glen. Monktonhall be breaking even in the next finincial year.

His confidence is strongly

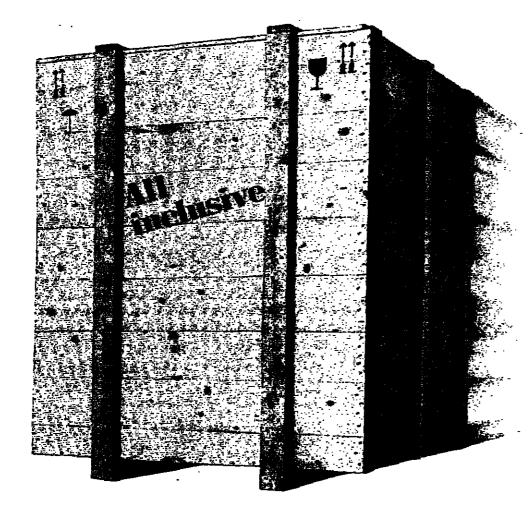
away, the miners cut the roads first and then work their way

"retreat" method of extracting "Before the strike, the coal. Instead of advancing the colliery management was totally roadways as the coal is cut production orientated. Now we have to spend a lot more time with our workforce, and show a caring attitude towards them," go. Although this method has Mr Gaw says. Together with a longer lead time, it ensures other colliery managers in higher productivity. Scotland he is trying to get

Despite the meetings with the workforce, backed up by other steps such as a regular pit newstake more than a year before trust,

There is still a strongly poli-

Here's Koain's I hinker in a hurry.



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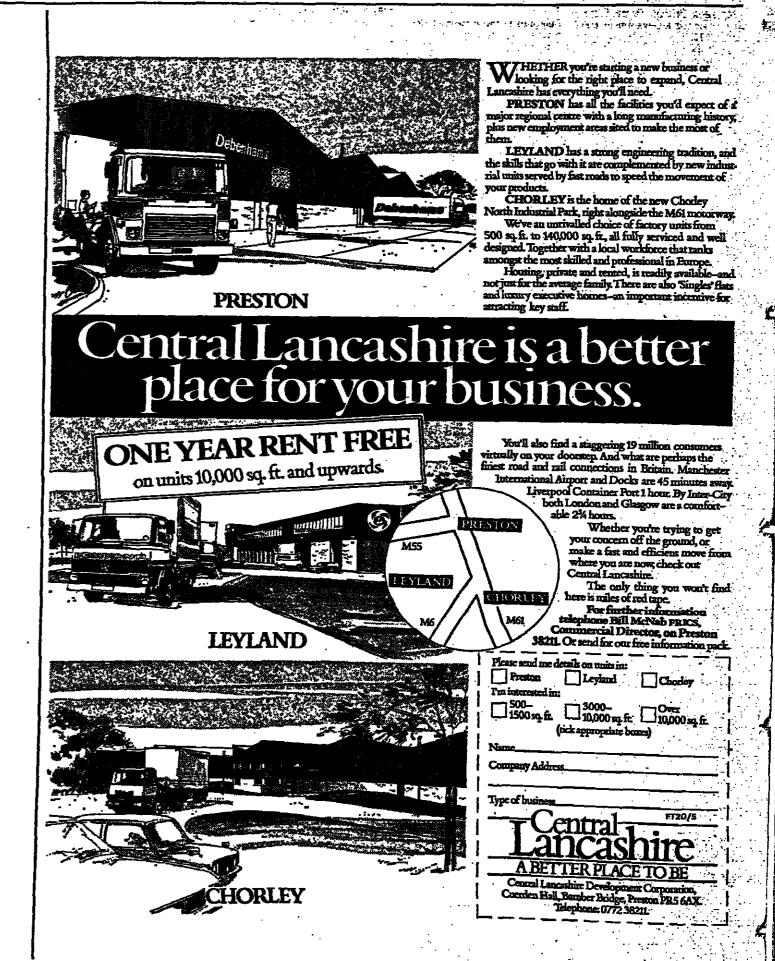
included. As well as a reassuring transport

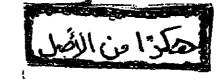
Before using just any express system, Rodin's Thinker would say: Think first, then act. (We have nothing more to add).

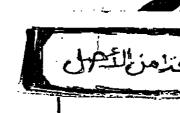


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BBC may cut up to 2,500 jobs

BY RAYMOND SNODDY

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in a second

ent licence fee settlement. The cut in jobs is the main option being considered by the corporation to meet a serious cash shortfall over

the next three years. The BBC believes that the new C58 colour licence fee - £7 less than the corporation asked for - means that £85m in economies will have to be found over three years just to maintain services.

A proposal to reduce the number of jobs in the BBC by between 2,000 and 2,500, out of the present staff of about 29,000, has already been put before the board of governors.

The issue will be considered again at the next meeting of the

numbers through natural wastage and increased efficiency. There is

THE BBC is considering shedding an average turnover of about 4,000 is three times the rate of saving up to 2,500 jobs to cut costs after the jobs a year at the BBC and, accordjobs a year at the BBC and, according to senior executives, a substan-tial reduction in posts could theoret-ically be achieved this year.

Some departments have already begun leaving a number of vacancies unfilled and have introduced a three-tier grading for vacant posts -"must fill, hold for six months, or chop.*

The aim of the board of manage ment of the BBC is to conserve as much money as possible for programme production. But job reduction in lowly paid and high turnover areas such as catering might not result in enough savings to meet the

governors on June 6. The £65m shortfall, after excluding improvements to BBC services or developments such as making a start on a new £100m headquarters,

wick Mitchell, the management consultants, in a report on efficien-cy at the BBC commissioned by the Government and published in March.

Mr Giles Shaw, Home Office Minister responsible for broadcasting, recently said the licence fee settlement was sufficient to safeguard existing services "provided-rising costs are held in check or modest improvements in productivity at-

Mr Shaw added: "As far as new or enhanced services are concerned, it edom to manoeuvre by increasing productivity, taking firm action to minimise rising costs, setting their own priorities and improving their management procedures."

Mr Alasdair Milne, director gen-eral of the BBC, has already written to all department heads in the corporation asking for their suggestions for economies.

Two committees are looking for-mally into the possibilities.

One, chaired by Mr Richard Francis, managing director of BBC Radio, is reviewing the costs of BBC radio output. The other, chaired by Mr Michael Checkland, director of resources for BBC televi-sion, is involved in a similar task

for BBC I and BBC 2. The BBC is also intensifying its programme of "activity reviews" being carried out by Deloitte Haskins is up to the BBC to create its own & Sells. The Deloitte team is involved in a rolling programme of re-viewing one department after an-other. The aim is to try to find savings to contribute to programme

borough move has come from the

sales of these appliances have risen

from about 555,00 a year in 1980 to

Five years ago almost 70 per cent

down to about 30 per cent, accord-

Lec, the UK market leader in

home refrigeration with about a 20

per cent share, Hotpoint, which

claims the number two position,

and Electrolize have all benefited

ing to stockbrokers Henderson Crosthwaite.

some 850,000 last year.

Hotpoint to increase refrigerator output

BY CHRISTOPHER PARKES

ance arm of GEC, is planning to extend its Peterborough refrigerator and freezer factory later this year.

The expansion would increase production capacity by about 25 per cent and could, if fully used, provide 300 to 400 jobs, Mr Jeoff Samson, Hotpoint's managing director, said yesterday. The existing plant was at present working full out with one day, one night and one twilight shift, he added.

The company was reaching the stage where major expansion was needed in all areas. It was considering possible advances at its two home laundry works in North Wales, although there was still capacity for extra shifts there.

from this swing. The main impetus for the Peter-

Hotpoint has increased its output of fridge-freezers 2% times over the past 16 months, Mr Samson said.

Invisible earnings expected to rise

By James McDonald

OVERSEAS invisible earnings by a number of major UK service industries this year may grow by between 5 and 15 per cent, with Lloyd's marine division possibly seeing a 30 per cent growth, according to a survey published yesterday by the British Invisible Exports Council.

These increases by maker many

These increases, however, may be offset by no growth or even de-clines in earnings from British ship-ping, from soft commodities and

The council has a broad spread of membership including banks, in-surance companies, shipping, avia-tion, the Confederation of British Industry, the Treasury, the Bank of England, the London Stock Exchange and various government de-partments. It says the prevailing view among clearing banks is that most categories of business gen-erating invisible earnings will show greater buoyancy this year.

Bankers put the likely increase in oversees earnings for 1985 at between 5 and 15 per cent. UK insurance companies expec

recent strong growth in the market for combination fridge-freezers. UK an improvement in overseas earnings and insurance brokers anticipate a rise of between 2 and 4 per of the fridge-freezers sold in the UK were imported. Now the figure is

Lloyd's marine division cites a number of factors tending to increase overseas earnings and profits. Some syndicates at Lloyd's, it is suggested, may see overseas earn-ings up by 30 per cent.

Inward tourism is expected to show a possible increase of 9 per cent in earnings over 1984. Invisible earnings from stock en change members should also rise this year, but about 20 per cent in

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COMMONWEALTH BANK OF AUSTRALIA.

inequality continues BY ANDREW ARENDS THE TREND towards greater re-gional economic inequality in the UK has continued, according to the working population has increased by under 1.5 per cent. In the south-UK has continued, according to the east, it has risen by 4.7 per cent, but latest edition of the Government's in the north-west it has fallen by 1.1

Trend towards regional

Regional Trends, published today. Its statistics portray the south of

England as having a growing population, new housing stock and relative economic prosperity. The north of England is shown as an economically and socially deprived region facing continuing industrial decline. Since 1979, gross domestic product per head has grown more rapidly in southern regions compared with the northern half of the coun-

east in 1983, compared with a national average of £4,329. The figure for Wales was £3,627 and for Northern Ireland £3,156. Over the past five years, the

MPs support

Sunday trading

THE GOVERNMENT will introduce a Bill in the next session of parliament to sweep away all re-

strictions on Sunday shop trading

in England and Wales.

Mr Leon Brittan, Home Secre-

tary, described a Government ma-

jority of 120 in the House of Com-

clear cut and very gratifying. Both Conservative and Labour

nons in favour of the change as

MPs will be seeking stronger safe-

Mr Gerald Kaufman, shadow

day trading was introduced without

reform of

By Ivor Owen

of Sunday.

try. It stood at £5,155 in the south-

per cent. In the same period, the manufacturing industries' share of employment fell from 31 per cent to

just over 26 per cent.
The statistics show that the number of people aged 75 and over rose by 14 per cent between 1978 and 1983, compared with a rise of 0.5 per

cent for the population as a whole.

East Anglia, the most spersely populated English region, has been the fastest growing over these years, while Merseyside has been being its population factor than losing its population faster than any other region - mainly through migration to the south.

Regional Trends 1985, Edition HMSO, £17.50.

'New food' pie a sell-out at Sainsbury stores

BY DAVID FISHLOCK, SCIENCE EDITOR

for a product it has never advertised. It is a new food product made by a British biotechnology. by a British biotechnological pro-

Delegates at the Biotech 85 Conference in Geneva were told yester-day that the product, called Savoury Pie, contained a fibrous, meat-like substance called mycoprotein made in a fermenter.

guards to protect the position of The pie was launched in January shop workers who are opposed to this year and sells at Sainsbury Home Secretary, gave a warning of a danger of a "huge dilution" of the retail workforce, by casual and part RHM, which provides the micopro-tein, has had to restart its pilot fer-menter at High Wycombe, Bucktime workers if unrestricted Sun-

equate statutory protection for shop employees.

Most Tory MPs who oppose the change are concerned about the im-Sainsbury plans to launch a secpact of legalised and widespread trading on the traditional character

SAINSBURY, the retail food group, 1,000 tonnes a week from a fermen-

> One possibility is that the new food product will be a burger that does not shrink when cooked. Mycoprotein is a filamentary form of fungus, related to mushrooms and truffles, but cultured continuously as a broth in a sterile fermenter.

Fibres strained from the broth are pasteurised as part of the food ssing operation. When turned into foods, mycoprotein provided a e. De-rare instance of a nutritious food mand of several thousand pies a stuff which was also delicious to week has outstripped supplies, and eat, Mr Robert Marsh, of RHM, told

"By and large, mass markets don't buy on nutrition," he said. But RHM sees enormous potential in mycoprotein as a meat analogue. and mycoprotein food product this because of the ease with which this year, when supplies of the new food highly nutritious food of plant oriare expected to expand from a maximum of 50 tonnes per week from to simulate high grade proteins like the pilot fermenter to as much as fish, meat and poultry."

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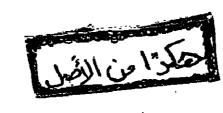
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RESOURCES REVIEW: CANADA

Wheat growers tackle new strains

By Bernard Simon, recently in Winnipeg

from other exporters are nudg-ing Canadian wheat growers towards far-reaching changes in their production and marketing

ress sopnisticated milling facilities.

As one trader in Winnipeg, Canada's grain centre, puts it:

"Canada is producing a Cadillac when the world wants a Honda."

Saskatchewan and Alberta have relied on their product to sell itself. Besides the exceptionally high quality of Canada hard Red Spring wheat, customers have been attracted by the unmatched consistency of shipments from Canada, reliable deliveries, and the country's unblemished reputation as a politically acceptable and stable supplier.

supplier.
Few would quibble that these attributes still apply. Canadian Red Spring wheat continues to command a price premium of up to C\$20 a tonne on similar grades grown on the U.S.

Although Canada produces only about 3 per cent of world wheat supplies, it accounts for more than one-fifth of international trade in wheat. Canada is the biggest exporter after the U.S., with wheat and flour shipments reaching a record 21.8m tonnes in the season to July 31 1984, almost double the level

five years earlier.

A drought last autumn has lowered this season's crop, and exports in the 12 months to July are unlikely to exceed 16m to 17m tonnes including drawings from carry-over

The problem for Canadian farmers is that their high-quality, premium priced wheat is not what the fastest growing import markets want. Hard, high-protein Canadian wheat is an ideal ingredient for the breads eaten in the indus-trialised countries of North America and Europe. But these qualities are superfluons in the qualities are superfluous in the steam and flat breads (such as sort of thing."

Indian chapati) or noodles eaten in the Third World, where annual report, published last report adjustments started other cumonth, notes that moves to push last year in freight rates on Canadia grades.

SHIFTS in the global wheat hardness of Canadian wheat is market and stiff competition not suited to these countries' not suited to these countries' less sophisticated milling facili-

wheat is not the sought-after China commodity it once was. Japan softer varieties, the addition of Cubi gluten makes British wheat UK unblemished reputation as a to the UK have slumped from Italy politically acceptable and stable 1.4m tonnes in 1980/81 to 0.7m Egypt nnes this season

Unfortunately for Canada, these changes in the market come at a time when large wheat surpluses around the world give buyers the upper

The Canadians have preferred in the past to avoid the rough and tumble of competition and price volatility by concluding long-term contracts with customers. Government subsidies to prairie wheat farmers are low and most sales have been for cash, rather than credit.

But Argentina's desperate search for new markets in early 1984 and the present threat of lower export prices for U.S. wheat as a result of Washington's new \$2bn export initiative and proposed cuts in farm support are forcing the Canadians to become more aggressive.

Although this year's smallish crop has eased the pressure to find new markets, Mr Esmond Jarvis, chief commissioner of the Canadian Wheat Board—the Government agency that coordinates prairie wheat sales—says: "If the Americans expand their export assistance, that may well bring pressure on the Cana-

CANADIAN WHEAT EXPORTS*

1983-84 1982-83 6,761 1,527 1,341 1.363 1.503 1,053 1,101 1,109 517 Algeria 624 742 Italy 49 3,742 Others 3.461

21,764 21,368 * Includes durum and wheat flour: tincludes bagged seed exports.

Sources: Canadian Grain Commission. Statistics Canada

Total

Canada and other competitors "no choice but to follow suit, leaving prices lower and market shares unchanged."

Canada is already using credit more often to clinch sales. Recent credit customers include Brazil, Mexico and Egypt. Sales of Canadian wheat to Egypt climbed from 23,000 tonnes in the 1982/83 season to 662,000 onnes last year. Further large shipments are expected in 1985 following the recent conclusion of a five-year sales contract that provides for a minimum annual shipment of im tonnes to Egypt.
In a further—though longerterm—bid to improve their competitiveness, the Canadians have launched a string of large investments to streamline and modernise the western trans-

few years, farmers and the Government will assume an increasing proportion of freight costs, with the aim of improving returns to the railway com-

Projects currently under way include a nine-mile tunnel through the Rockies, the pur-chase of several thousand new chase of several thousand new spring wheat. The winter wagons and a rationalisation of wheat harvest later this year rural elevator and branch rail may thus reach close to 1.5m capacity.

A new C\$300m grain terminal Bowing to pressure from at Prince Rupert, north of Van-farmers and traders, the couver, was opened officially Canadian government took the this month. The terminal has unprecedented step last March an annual throughput capacity of licensing a new semi-dwarf of 3.5m tonnes, and is a major spring wheat strain—known as link in the programme to in-HY 320—with a yield 27 per crease shipments through west cent higher than hard Red coast ports, and lower dependence on the long, costly Great Lakes route.

This is programme to in- HY 320 — with a yield 27 per cent higher than hard Red Spring varieties.

According to initial 1984-85 prices set by the board earlier

This year, for the first time, more wheat will be exported through British Columbia than Canada's new markets are thus likely to be concentrated in to justify growers' countries where wheat shipped for the new variety. from west coast ports is most

competitive.

Meanwhile, the drive to expand export horizons has raised the sensitive issue of the high the sensitive issue of the high quality and consistency which have up to now been the cornerstone of Canadian export policy. In a trend which one trader says should not be under-estimated, a growing number of farmers has begun to question whether they could not have more by turning to not earn more by turning to not limited lower quality, but higher HY 320 seed. yielding, varieties than the Milling an ultra-hard, high protein Red using HY 321

Mr Jarvis says that the wheat place, but adds that "it's not a marked shift." He points out that the Soviet Union, Canada's biggest customer, still buys only the top two grades. Japan and Britain also take only the highest quality wheat, while other customers willingly blend Canadian wheat with lower

popularity of higher yielding strains, prairie farmers have almost trebled winter wheat plantings this year to I.8m acres. Winter wheat yields have averaged 31 bushels an acre in the past five years, compared to 27.9 bushels for hard

this month, farmers receive 14 per cent less per bushel for HY 320 than for hard, high-protein wheat, but the difference in yields appears to justify growers' enthusiasm

The board has contracted with farmers — mainly in Southern Manitoba, where a relatively moist climate is best suited to cultivation of semidwarf wheats — to plant a quarter of a million acres of HY 320 this season, compared to an experimental area of 159,000 acres in 1983-84. According to a wheat board official the acresso would have official, the acreage would have been higher if plantings were not limited by a shortage of

Milling and baking tests using HY 320 have been carried out in the past year in four foreign markets: Mexico, board recognises a shift in Brazil, Egypt and Malaysia.

market preferences is taking According to Mr Jarvis, semidwarf varieties, such as HY 320, will become an important force in Canada's wheat exports. "But whether it's four or five, six or seven million

tons is hard to predict."

The board recently brought senior flour millers from 18 countries to Winnipeg for a flour technology course aimed



Harvesting the wheat on a farm near Tragava, Saskatchewan

in part at showing off the to an expert) from hard Red "unlicensed" strains and to attributes of HY 320. Spring wheat, but do not share sell them as feed, but the board The board faces a dilemma in its milling properties, and are i

some impatient farmers have begun planting other newly- of HY 320 seed next season time this year to specify how developed semi-dwarf varieties will discourage growers from much land has been planted which, by coincidence, are planting these varieties, with unlicensed lower grade visually indistinguishable (even Farmers are free to grow varieties.

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The seventh conference in this highly successful series will be held in Lugano, the popular venue last used in 1983. Robert Guy and Robert Strebel will take the chair and Chris Stals, Takashi Tanaka, Hans Mast, Urs Seiler and Julian Baring will be among the Speakers.

For further details contact Lisa Daglish Financial Times Conference Organisation Minster House, Arthur Street, London EC4R 9AX Telex: 27347 FTCONF Tel: 01-621 1355 though Beneteau was able to boost its turnover in France by

At that time in the late 1970s,

potentially much larger than Beneteau had imagined and the

decision was taken to build.
But before the effects of this

decision could be felt, the downturn in the French market gave Beneteau a difficult period. In

1980-81 profits fell almost four-fold to FFr 2m.

worldwide was not immediately

obvious. Beneteau was a family firm-Roux is a Beneteau by

birth and the family is still

strongly represented on the

board-with its sales concen-

Sailing boats

Why Beneteau took on the world

David Housego reports on the French company's strategy to avoid recession

AN EXPLOSION of demand for boating holidays in France in the 1970s saw Annette Roux's yacht manufacturing company, Beneteau, enjoy a rapid expansion of sales and profits.

But by 1979 she had become worried that the boom in racing and pleasure yachts in France had peaked and that the French were entering a period in which they would have less to spend on leisure time activities.

Roux's solution was to seek outside advice and—unusually, perhaps, for the owner of a private company-to accept radical recommendations which set her on a path into world markets and manufacturing techniques new to the industry. It was in 1979 that Roux, by

chance, made contact with the American-hased Boston Consulting Group. The group was doing a study of the hardware business and had approached Mme Roux's husband, Louis-Claude Roux, whose own business interests included hardware wholesaling.

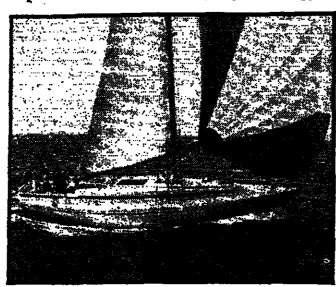
BCG's eventual advice was that she should shift her focus from the French domestic market to increasing Beneteau's share in the world market for racing and pleasure vachts. This concept so enthused her that in 1980 she recruited Xavier Fontanet, who had carried out the study for BCG, as her managing

Five years later Beneteau is the world leader in the sailing Beneteau was studying a plan for building a new factory to make larger boats at Saintboat market with a 35 per cent share in France, 8 per cent in Vendee on the west coast of France which would almost Europe and 5 per cent in the U.S. Roux says: "It is not very modest to boast about it. double capacity. Some in the industry believed that to go ahead with a FFr 15m invest-But in our field we were the first to pursue a global strategy." Profits were up last year by 5 per cent to FFr 12.7m ment in such conditions was folly. Fontanet, however, argued that the market was

(£1.07m) on the basis of a 38 per cent increase in turnover to FFr 419m (£35.8m). In 1983 Roux won the Veuve Clicquot award for the French business woman of the year with praise from Edith Cresson, France's first female Minister of External Trade, for her "enterprise" and "success."

However in 1978 the cityation

However, in 1979 the situation was potentially worse than Roux could have imagined in her most pessimistic moments. From 1974-1979 Beneteau had been gaining market share in France by expanding sales at an



Annette Route " In our field we were the first to pursue a global strategy"

ticularly because of the uncerdoing so. subsequently price controls that surrounded the socialists' coming to power in 1981. Sales

But having adopted a worldwide strategy Fontanet set out across Europe and the U.S. to implement it. "I reckon that in of pleasure and racing yachts in 1981-82 I made 300-400 plane journeys a year." he says. "But I was not the only one." Bene-France fell at an annual rate of 14 per cent between 1979-84 twas not the only one." Beneteau concentrated on building up concessionaires in Europe and the U.S. "Selling boats is rather like selling cars" says Fontanet. "You need to create a dealer network and to establish an image." The company now has about 150 concessionaires worldwide. Gilles-Croix-de-Vie in the aires worldwide.

The new factory at Saint-Gilles came on stream in time to meet the demand. "The factory arrived at the right moment," says Fontanet. Now Beneteau is setting its

ambitions high. It currently has per cent of yacht sales in urope. "We can reasonably Europe. "We can reasonably hope to triple that in three years," says Fontanet. In the U.S. his goal is to increase Beneteau's share from 5 per cent of the market today to 15 per cent over five years. But Beneteau's success has

So the decision to compete not been simply one of marketing strategy. It has a wider range of racing and pleasure yachts than any of its competi-tors. Last year it brought out 10 new models in its four main categories of boats which inannual pace of 34 per cent; but the French market was growing by only 17 per cent. From 1980 onwards the French market was a result of the similar crisis, it decided creativity and innovations are to diversity into small cars and tested in international yacht cent. Its major future project categories or boats which interaction in cent. Its major future project categories or boats which interaction in cent. Its major future project categories or boats which interaction in cent. Its major future project categories or boats which interaction in cent. Its major future project categories or boats which interaction in cent. Its major future project categories or boats which in cent. Its major future project categories or boats which in cent. Its major future project categories or boats which in cent. Its major future project categories or boats which in cent. Its major future project categories or boats which in cent. Its major future project categories or boats which in cent. Its major future project categories or boats which in categories or boats

world recession but more par- incurred substanial losses in competitions.

The company was also one of the first yacht manufacturers to build boats on a production line basis in order to cut costs Both Saint-Gilles and anothe factory it is now putting up at Challans nearby are designed so that yachts can be assembled on similar principles as cars.

Challans will represent a basic investment of FFr 25m.

Until recently Beneteau financed its expansion out of profits and borrowing. But early

last year it sought a listing on the French secondary market raising an additional FFr 8m of capital as well. This year it has raised a further FFr 17m bringing its total capital and reserves up to FFr 71m.

This compares with outstand-ing medium and long term debts as of August 31 last year (the close of Beneteau's account-I refer to the item concerning a painted "Cafe" sign in

ing year) of FFr 27m.
Nonetheless financial charges of FFr 20.8m in 1983-84 represented 5 per cent of turnover because of the high level of short-term financing needed in an industry where sales are concentrated in the brief summer pianamg authority in respect of the latter are provided by Statutory Instrument 1984, No 421 — The Town and Country Planning (Control of Advertisements) Regulations 1984. By virtue of Part I Section 2 of these regultions, the painted word "Cafe" on the roof of the building is an advertisement as defined period. In spite of Beneteau's ambi-

tions to improve its world mar-ket share, it anticipates that turnover will grow more slowly in the years to come at an annual average of 15-20 per cent. Its major future project

WHAT MAKES for successful what makes for successful innovation, particularly in a fast-changing market like financial services, where new technology plays such a big role? The answer is elusive. But PA Consulting Group of London has just completed a nine month inquiry which provides some clues.

Above all, PA says, a company should have a very clear idea of where it wants to go. It must also have a thorough understanding of its markets, manage its resources well, and have someone at the top giving a good lead.

The innovation process itself is not just a question of having bright ideas, or even being first, but really wanting to do something new rather than merely

following the competition.
Innovation, by PA's definition, " a product or service initiative, being the first or one of the first, in a particular market, designed to give a sustainable competitive advantage."

All that may sound a bit obvious, and couched in man-

agement consultant-ese. But the PA report * looks at what it considers to be the world's 40 most innovative institutions in some detail. The list was com-piled by PA staff so it is subjective, and David Hodgson, the firm's international director, admits "we may have left one or two off, but the bulk of them is there."

The list is quite diverse: there are banks, insurance companies, building societies, and even a software firm. They are big and small, and hall from all quarters of the globe: all of which suggests that the innovative spirit is not too choosy about where it dwells. The list tries to mark institu-tions in four ways: by the strength of their corporate vision; knowledge of their

siness Problems on May L

You appear to confuse general planning legislation with that specifically applic-

able to the control of adver-tisements. The powers of a

planning authority in respec

advertisement as defined.

Part III Section 11 (1) states ". . . where a site was

Painted sign

BUSINESS PROBLEMS

League table of innovators in retail finance

BY DAVID LASCELLES

THE 40 financial institutions chosen by PA were:

North America: Allstate; Banc One; Citibank; Crown Life; Empire of America; First Interstate Ban-corp; Hogan Systems; Inter-net; London Life; Merrill Lynch; Norwest Corp; Royal Bank of Canada; Sun Bank; Valley National Bank.

Europe and Africa: Allied Hambro; Banco de Bilbao; Banques Populaires; Christiania Bank; Co-op Bank; Credit Agricole; Credit Com-mercial de France; Credit

the quality of their innovation

None of the 40 scored on all four. But not surprisingly, Citi-bank of New York ranks among the best, living up to its reputa-tion as a pioneer. However, while it scores in the first three categories, it does not get a mark for innovation itself, which suggests that Citibank knows where it is going and manages its resources well, but does not necessarily come up with the bright ideas.

Just as predictable possibly, is the inclusion of Merrill Lynch, markets; use of resources; and largely for its much-copied cash

advertisements on August 1

1948, the site may continue to be so used after the date of

the coming into operation of these regulations without express consent, subject to the power of the local plan-

ning authority to require the discontinuance of the use of that site under Regulation

Regulation 16 states: "The

local planning authority, if they consider it expedient to

do so in the interests of amenity or public safety, may serve a notice under this

regulation (referred to in these regulations as a "discon-

tinnance notice") requiring the discontinuance of the dis-

play of an advertisement which is displayed with con-sent deemed to be granted

under these regulation

Liberty Life; Nottingham-Building Society; Royal Bank of Scotland; Standard Bank Investment Corp; TSB Trust; Union Bank of Finland; Verbraucherbank. Australasia and Japan:

Mutuel; Friends Provident;

ANZ Bank; Australian Federation of Credit Unions; Dai-Ichi Kangyo Bank; Fuji Bank; Macquarle Bank; Nomura Securities; Post Office Savings Bank of Singapore: Sanwa Bank; Sumitomo Bank; Westpac.

management account, of Allied Hambro, the go-ahead UK investment and insurance group, and of First Interstate Bank which has pioneered franchise banking in the US.

Nomura, the giant Japanese securities firm, gets a mark for innovation. Sears Roebuck, the U.S. retailing giant which is moving into financial services, also gets a mention for the use it has made of its mail order it has made or his man order catalogue to cross-market pro-ducts from subsidiaries, like Allstate Insurance.

Among smaller banks, those who score are Banc One, the Ohio bank which is linked to

or requiring the discon-tinuance of the use of a site for the display of such an

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the power to serve a "discon-tinuance notice" requiring

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S AMERICA.

Bank of the UK for He sauful marketing of new products. The Nottingham Building Society and the Credit Commer-cial de France are recognised for their ground-breaking work in electronic home banking, though that begs the question why Chemical Bank, which his led the way in the U.S. is not included.

The insurance world does well: London Life of Canada Empire of America, Crown Life of Canada, Friends Provident of the UK and Liberty Life all score on several counts.

Special cases include the Post Office Savings Bank of Singa-pore for its successful stating policies and Hogan Systems, the Dallas software group which has developed a sophisticated series of programmes for banks. Just as noteworthy as those institutions which are included. though, are those which are not None of the big UK clearing banks gets a mention, and only a handful of big banks from other countries make the grade,

other countries make the grade.
The list seems to confirm that,
at least among banks, the
smaller tend to be brighter.
But does innovation really
matter? Are there not special
risks, particularly for financial
institutions, in striking out too
far? One reason why PA undertook the study is that financial institutions have never been as innovative as industrial com-panies, and it may be alien to

But Hodgson believes that the ability to come up with good new products or services is increasingly important. The key factor is going to be the ability to innovate successfully," he

Innovative success in retail financial markets. PA Consuit ing Group, London.

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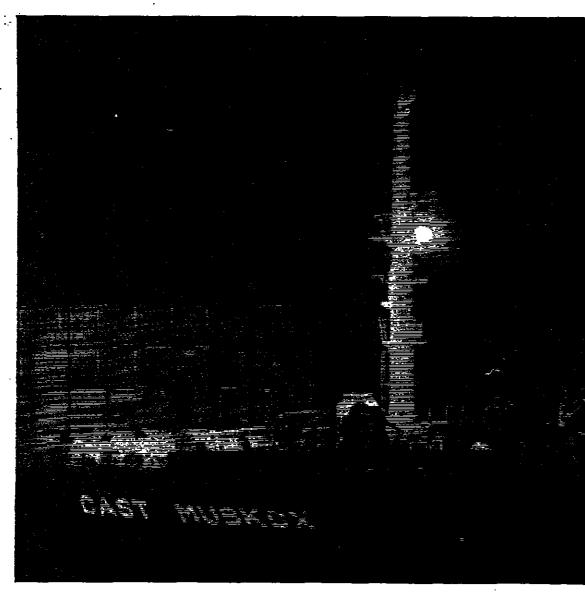
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WHITTOTT PROSES OF IT IS IT IN CONTINUED IN

THE ARTS

Television/Christopher Dunkley

Take note of nothing on the box these days

At parent-teacher meetings, cocktail parties and book launches when the conversation turns, as it always does, to the subject of television you to the subject of television you hear the same thing again and again: "There's nothing on these days, is there?" It is an odd assertion, stemming, I believe, largely from guilt induced by the mindless ogling of unrealistic characters in Dellas, Dynasty and the like. Actually there is more on television today than ever before, and while much of it is ghastly. and while much of it is ghastly, parts of it are marvellous—
just like the contents of the public library. Consider the week day by day:

and the same of th

eoj azhaote:

Last night's "special report" on ITV. The Secret Country: The First Australians Fight Back, was pretty much what we have come to expect from John Pilger: deeply emotional, highly selective, and supplying as many questions as answers. The world is, of course, full of injustices but Pilger's analysis of a problem never tallies with what all viewers know from their own experience: that social and political dilemmas invariably involve shades of

TUESDAY

The second of th

Business

Courses

icanology

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chnology

For Pilger, one side is wholly black and the other wholly white. In last night's report the Aborigines were portrayed as a Asorgines were portuged as a saintly people, more civilised than the British, practising "literally a pure democracy."

The British colonists were hideously cruel. A second-generation hearsay account of Aborigine infants being buried up to their necks and having their beads kicked off was retailed without question—even though the same horror story was told about the Germans in Belgium in 1914; and no doubt by the Athenians about the Spartans. It is a pity that Pilger uses such apocalyptic terms because it allows viewers to

services, Behind The Lines, is like the Royal Tournament filmed on location: the Marines' Mountain and Arctic Warfare Cadre is about as gung ho as MONDAY

The nightly report from Their Lordships House screened by Channel 4 is becoming quite addictive. Its Looking like a series of Victorian oil paintings and sounding like the proceedings sounding like the proceedings of a very old and civilised debating society (precisely what it is, I suppose) it is engrossing but lacking in passion ultimately, tantalising: it makes you even more impatient to have the proceedings of the Commons on screen of the Commons on screen. SUNDAY

It seems that with Bleak House the BBC is making a determined effort to reoccupy some of the high ground domi-nated by FTV with their magnificent adaptations of Brideshead Revisited and The Jewel In The Crown. Jonathan Powel (presponsible for Testament Of Youth, Pride And Prejudice, and Tinker, Tailor, Soldier, Spy among others) was put in command, the experienced Arthur Hopcroft wrote the dramatisation, Geoffrey Burgon (who wrote the Brideshead music) was brought in to do the same for Bleak House and has oblig-ingly done precisely the same, and a top Equity squad was called up with Diana Rigg, Denholm Elliott, and Peter Vaughan in the forefront. Tonight we meet Ian Hogg for the first time playing one of the earliest detectives in popular fiction, Inspector Buckett. But after a long and frantic gunthe two men who have done most to make Bleak House such is the reply. Why can television a triumph are director Ross not make its own material as Devenish and cameraman entertaining as this? Technically there is nothing here achieved the wonderful impression of having shot the entire Television Centre.



Tom Bell as Commander Kenneth Crocker, and Mark Eden as Superintendent Will Penfield in BBC-1's new five-part thriller serial "The Detective."

of sheer indulgence, thanks to to be, Everett's strike rate is BBC1, First they showed El very high for someone so Dorado, Howard Hawks' 1966 profligate with material. In 20 re-make of his own excellent years' time these shows will 1959 Western, Rio Bravo. In the look dated, but interestingly so, later version everyone from John Wayne to James Caan seems to be running in auto- Hyde version of Mrs Thatcher pilot, but it is precisely the was wickedly pointed. sense of good-natured effortless-ness which supplies most of the charm. That and the self parody: "What brought you?" Wayne asks Arthur Hunnicutt after a long and frantic gun-fight, "I thought I heard a noise" is the reply. Why can television beyond the resources of BBC

the story, originating in Paul Ferris's book, is fascinatingly realistic. Nobody who lived through the Profumo scandal (rumours included eight high court judges in one sex orgy.
remember?) will have any difficulty in crediting a Home Secretary who pays for the favours of under-age girls.

Channel 43 SIX-part Series About Time has all the weaknesses of J. K. Galbraith's 1978 series The Age Of Uncertainty but none of its concomitant of under-age girls.

would surely not have broken into the brothel expecting, as he presumably did, to be immediately recognised by MI5's fibre optic cameras in the

week's opening item, was a sort of European road movie which looked as though its writer, looked as though its writer, large Brooks, might originally whether "a woman's sense of time" had been ignored imply forming it the had it was that all man. Wordsworth feminism. If she had, it was lost beneath a thin froth of very This week's offering. Sacred of time.

Hearts, was an over-long con-coction about girls in a remote coction about girls in a remote 4's late night serious discussions. Voices, continues the War II. Again the point war unclear: as straightforward entertainment it was a failure of having no chairman. unclear: as straightforward series of having no chairman entertainment it was a failure. Although brave, this is surely a being slow, diffuse, and only occasionally funny. There were moments when religious and educational indoctrination appeared as targets, but only incidentally. When you think of a comparable work such as Vigo's 1933 film Zero de Conduite, which lasts 45 minutes and is inventive, cutting, and hilarious even though similarly episodic, you do wonder about the repeated claims made for Britain's film "revival" and Channel 4's part in it.

re-enact events from their own lives.
WEDNESDAY

The opening episode in Channel 4's six-part series About Time has all the weaknesses of J. K. Galbraith's 1978 Only two complaints so far:
director Don Leaver allows Tom is abstract (in 1976 economics
Bell to mumble in the title rôle, and in 1985 time) and the
and in plot terms the detective reaction of the producers is to throw in everything they can think of in the way of illustration, no matter how remote the connection, no matter how laughable the result.

The great difference is that whereas The Age Of Uncertainty had Galbraith as a certainty had Galbraith as a brilliant exponent whom it tressingly familiar in its tendency to fall between two stools, merely has the volce-of-god lacking the strengths of both cinema movies and television plays. Loose Connections, last week's opening item, was a sort of European moved. ing that all men—Wordsworth and Hitler. Einstein and Bannister—have the same sense

> The new series of Channel mistake. Umberto Eco and Stuart Hall proved in their discussion about social crisis that there is no substitute for having one participant con-cerned more with the structure and coherence of the discussion than with its content.

Aborigine perfection macho Marines, the House of Lords, a Dickens mystery, a funny Western Kenny Everett, cor-ruption in high places, convent girls, Bogota shum dwellers, the followed by The Kenny Everett from his private life to that of the latest of the BBC's recruiting series for the armed bley Send-Off the day was one followed by The Kenny Everett from his private life to that of the same man at nome, and consumer 4's part in it.

BBC's Global Reports in concept of time, and contempt there is, sadly, much less technical virtuosity than there used redhead graduate intake. Yet inhabitants of the barries to currently showing on television.

Cunningham/Sadler's Wells

Clement Crisp

completed in performances on Friday and Monday. All the works on view have stressed both the excellence of the troupe's dancing and the range Cunningham's -invention or cumningnam's invention within the lean, pared-away style which marks his recent creations. As with the late piano music of Gabriel Fauré, piano music of Gabriel Fauré, we find the exclsion of everything unnecessary to crystaline form, to clarity of utterance. On Friday the new works were fercely contrasted: the self-sufficiency of the movement in Doubles set against the dark mood and anguish of Quartet.

Doubles is played out against sound-track of starling twitter, and its procedures depend upon parallels and repetitions of movement, upon duets of fascinating variety. Though I am told that there exists a version for an alternate cast whose performance of the same moves gives the piece its title, the doubling of material may also be understood on the internal terms of the piece's structure.

Quartet is one of Cunningbam's most sombre creations.
Despite an implicit joke in its title—there are five performers; the score is a solo by David Tudor named "Sextet for seven"—there is no lightness or ease in it. Merce Cunningham is seen as a figure at once removed. (The daveing one) removed (by dancing and gesticulating from the back of

The repertory for this ex-hilarating season by Merce quartet of the cast) and also in-Commingham's company was volved in their behaviour as he direct them by semaphoring anguish and flickering gesture. Trails, which entered the

Trails, which entered the repertory on Monday, is concerned with the way ten dancers explore the stage in lines of movement, sometimes gripped by corporate ideas which then dissolve, but usually shown in brief entries in which the choreography traces patterns individual cells. in which the choreography traces patterns, individual cells of dance which interact but rarely. Very different is Native Green, which followed Trails. Here Cunningham continues his study of duet form. Three couples are displayed in undulating, very lyrical partnerships, the girls curling and unduating, very lyrical partner-ships, the girls curling and nestling against their partners, the larger shape of the work often exposing little fugues and canons as the pairs recapitulate and transfer movement in long phrases, one to another. It is a phrases, one to another. It is a gentle work in mood, danced to a score by John King (who performed it on Monday) for a "prepared" violin which is used to create sounds suggestive of a garnelan, of animal noise, and of tense, grating cries.

Its final moment finds the three couples leaning against an arch which they suddenly create from a piece of tubing: it is unexpected, a final vivid image from a work which is filled with just such rewards for the eye. But then, so is the entire Cunningham repertory.

most noticeable flaws); more

important, there is never any sense of musical line and

dramatic characterisation emerging, as with Callas (hey

always did. out of a single artistic impulse. In the later stretches of the Mad Scene

there began to glimmer a faint indication of the fine performer

Miss Aliberti could still become

with assiduous schooling—but too late to win indulgence for this immature sketch of Lucy.

This was one of those even-ings when provincial standards

Garden. A capable, unremark-able bass waving his arms about

(Roberto Scandiuzzi, another Italian debutant); an air of

lassitude in the chorus; a con-ductor (John Barker) and

Lucia/Covent Garden

Max Loppert

A month after the glorious series of Lucia di Lammermoor performances with Joan Sutherland and Carlo Bergonzi, the Royal Opera has organised a mini-reprise of the work with major changes of cast. The Italian soprano Lucia Aliberti, new to London, takes over the title role; she is already known at Glyndebourne and Wexford, though her main career has been built up on the continent.

When proper allowances have been made for the minimal rehearsal that Monday's per-formance obviously received. and for the nervousness naturally attendant upon an important debut, it has to be said that Miss Aliberti hardly showed us a Lucy of Covent Garden calibre.

ot uninteresting instrument: its different registers are extremely distinct in their colour and timbre, and particularly from the booded quality of the lower ranges Miss Aliberti is able to make dark, lay claim to the same bed. underlying technique is un-personal charm got into the

orchestra apparently on The voice itself is a curious, more than nodding terms of

acquaintance-no doubt it was all rather harder to bear after the noble Doniezettian qualities particular disappointment was the Edgardo of Luis Lima, pre-Don Carlos. The Argentinian tenor is one of the most attractive figures currently active in Italian opera; but little of the

A rare Worcester yellow ground bowl of about 1770 more than doubled its estimate at

Barr vase and cover of about

Sotheby's was also selling

Chinese ceramics in Hong Kong

yesterday. A collection sold to benefit the J. T. Tai Foundation

brought in £740,215. There was

a high unsold percentage of 34 per cent, largely attributable to

two lots, a very rare under-glazed red figure of an acolyte

of the 14th century, and a pair of Imperial "familie rose" bottle vases, which failed to find

A celadon-ground "famille rose" Moonflask, Qianlong, did

very well, selling for £148,797, and a rare Junyao flowerpot of

the Song dynasty made £121,242.
Robert Chang, the Hong Kong dealer, bought an Imperial "familie rose" bowl, Qianlong, for £110,220, and another Song dynasty Cuanyan was fetched

dynasty Guanyao vase fetched

A painting of Christ and the woman of Samaria by the 18th century Italian artist Batoni sold for £95,000 at Phillips yesterday to Colnaghi, the London dealer. The price was three times the top forecast for a signature currently in the characteristics.

buyers.

Saleroom/Antony Thorncroft

Bear Market

ing price paid in the salerooms yesterday was the £2,090 bid at yesterday was the tayor but at 15,720 while Simpson, the was an auction record for a Bradford-on-Avon dealer, paid was an auction record for a bear, and secured a "blonde long plush" bear made in Germany by Steiff in about 1905. Sotheby's had been more cautious about its appeal, placing a top estimate of £500 on the lot.

Probably the most interest-

Sotheby's toy sale did very well. A very rare George II wooden doll, made in England around 1740, was within forecast at £15,400. The doll comes with its own complex country. with its own sampler, giving her name as Elizabeth Tich-bourne. It was owned by a child of that name who later married an MP, William Daven-

The doll sent for sale by the doll historian Mrs Mary Hillier, was bought by a French collector, Madame Vierner, who also paid £8,800 for an even rarer object, a minature carriage bearing a doll, dating from around 1770. Nothing like

below expectation.

The fanaticism of doll collectors was indicated by the price of. £10,450 for a 20th century boy doll made in Germany around 1910. It was dressed in a Stuart tartan. The high price was attributed to the rarity of

the mould. It came to Sotheby's after its doll expert Bunny Campione had taken part in a "talkin" on Radio York.

Another keen collecting area at the moment is English ceramics, the morning session at Sotheby's totalled £154,960, with just 6 per cent bought in. A pair of Flight, Barr and Barr

apple green uras of around 1825, part of a large Worcester collection, sold for £6,820—in 1982 the pair had been bought for £1,375 at Sotheby's.

a picture currently in bad shape. but which will doubtless be beautifully restored.

The sale of Old Master pictures totalled £626,800, with

29 per cent unsold, largely because a still life by Ambrosius Bosschaert, the Younger, failed to find a buyer. A portrait of Lucretia by Ambrosius Benson, which had once belonged to Cardinal Fesch, sold for £46,000, and a still life of flowers attributed to Christoffel van den Berghe, for £44,000.

Rostropovich at Aldeburgh

3786233).

Sichard III (Barbican): Last year's Stration-upon-Avon production with Antony Sher demonically exciting as Richard in the RSC revival by Bill Alexander. Plays in repertory with Roger Rees as Hamlet and Kenneth Branagh as Henry V. All worth seeing. (6288795, credit cards 6388891)

Matislav Rostropovich, the Russian cellist, conductor, and one of the artistic directors at addeburgh, will celebrate burgh, will celebrate burgh from August 8-11. He will give the first performance of Britten's last unfinished and the Philharmonic Orchestra

Martin Hoyle

The Glass Menagerie/Greenwich

of Tennessee Williams's earliest passionate devotion to her two success owe to our extra- outsider children and in the dramatic knowledge of the constant fight to maintain writer's life? Tom (Williams appearances, dignity and high as Amanda,

The biographical elements may explain much of the work's piercing directness and unwavering accuracy but are not a necessary part of the playgoer's homework. In common with Who's Afraid of Virginia Woolj?, another play almost impossible to do badly, The Glass Menagerie is so well constructed that it never fails to move. Many prefer this crystalline fragment of memory, its pale, flickering sparkle as elusive as summer lightning, to the florid wallowings of the later williams with his closet-minority's self-indulgent mix-ture of flouncing bravado and

brings Constance Cummings to Greenwich. Miss Cummings's beauty is almost too distinctive for a St Louis alleyway, and her residence in this country has lent her deep south accent a powerful performance of a faintly Australian twang.

This Amanda is a sinewy William's best? Discuss.

How much does the durability battler. One believes in the even gave the play's narrator spirits. Slightly less credible his own Christian name) had a is the alleged gentility of her sister whose isolation went southern past. This matriarch further than shy Laura's, and is tough; even her tears are his mother was as dominating part of a strategy. Otherwise as Amanda.

Otherwise infuriating infuriating and bullying, protecting and

stifling. This distinguished performance is supported by Gerard Murphy's Tom who has obviously inherited his mother's ferocity. He punches out his words vehemently (no sign of the dreamer that he is supposed to be) and is a more likely re-cruit to the Merchant Marine than some Toms one has known.

Michael J. Shannon's Jim is

a real American embodying real American virtues, Buoyant, confident, naive, overpoweringly friendly playful, this is a very complete gentleman caller and explains all too easily Laura's hopeless crush. Toria Fuller starts as too normal, too Alan Strachan's production ordinary, but comes into her own when briefly blossoming under his concerned interest. Only a needlessly dowdy set by Bernard Culshaw detracts from

Pollini/Festival Hall

Andrew Clements

Maurizio Pollini's recital at though the final waltz emerged berg, thereby qualifying for inclusion in the Barbican-centred "Mahler, Vienna and the 20th Century" Festival.

successful than the two sonatas of Beethoven's Op. 27 after the interval. Pollini's fluency in Schoenberg is a known quantity: his playing of the Berg Sonata creation emerges with all the Op. 1 was more novel—cool, inconsistency of truth: loving elegantly outlined, rendering

expressivity at an arm's distance.

The sonata was consequently brought closer to the world of Schoenberg's piano music than to the late-romantic tradition

the Festival Hall on Monday as a delicate abstraction of began with Berg and Schoen-Viennese popular taste.

and they will still be very funny. This week's Jekyll and

FRIDAY
BBC1's drama serial The
Detective is not "realistic" in

the way that, say, G. F. Newman's Law And Order was:
Newman's work could easily have been mistaken for a docu-

mentary. No such confusion could arise with The Detective

which uses the familiar narra-tive structure of fiction: we cut

from the incorruptible Com-mander Crocker in his office, to

What to make, though, of the two Beethoven sonatas? Both bear the qualifying title of The Second Viennese first half proved to be rather more successful than the two seconds. to restore them to classical purity, with stark contrasts of tempo and manner. The begin-ning of Op 27 no 1 in E flat was exquisitely poised, with the the massive climaxes with clarity and restraint while keeping the highly wrought expressivity at an armin discount of runary to break up the squareness of the phrasing, but the central section was entirely bluesed and armin discount of runary to break up the squareness of the phrasing, but the central section was entirely bluesed and armin the control of runary to break up the squareness of the phrasing the squareness of the squareness of the phrasing the squareness of the squareness of the phrasing the squareness of the was entirely blurred, and one was left with an impressionist haze. Perhaps that was the

Yet the components refused that bears more directly upon it. to gel into a convincing unity. Pollini followed with Schoen- In isolation the rapt unfolding berg's Opp. 11, 19 and 23, all of the Adagio would have been quite admirable in their sense a timeless point of repose, here of line and texture, their it was out of place. Similarly absolute control in the fastest, the Moonlight Sonata Op 27 no 2 densest writing. The high comseemed strangely unintegrated: pression of the Six Little Pieces an Adagio sostenuto of nerve-Op. 19 suited him best, making less beauty, serious scherzo, the point of each miniature with fierce, drilled finale, and a total the maximum efficiency; Op. 23 effect that was decidedly unperhaps needed more pungency, satisfying.

Jazz concert in Hampstead

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intention.

The next concert at the University College School, Frog-Eddie Thompson with Len Skeat nal, London, NW3, will be (bass), Jim Hall (drums) and tomorrow, Thursday, and will guests John Barnes (saxes) and be a charity performance in aid Roy Williams (trombone). Full of Guide Dogs for the Blind. details from (01) 435 2215.

O'Casey, Ionesco/Almeida

Michael Coveney

Two short plays, one gerald) and the nosy censorious-farcical, one absurd, by two of ness of his landlady (Hazel the century's most influential Ellerby) and fellow lodger dramatists, made for an intriguing bill at the centre of Nancy Meckler's Leicester Haymarket company visit to the Nancy Meckler's direction is multiplication.

Almeida. O'Casey's Bedtime Story and Ionesco's The Bald Primadonna both date from the early 1950s. The first is an ebullient caprice, here receiving its English prorecovering from an in overnight liaison with

Both plays fit neatly on to Annie Smart's domestic interior of flowered wallpaper, craftily

unbuttoned in O'Casey, cor-rectly clinical for Ionesco. The Smiths are entertaining the Martins: no-one except the maid ("My real name is Sherlock

The first is an ebuilient caprice, ("My real name is Sherlock berti is able to make dark, there receiving its English professional première, about a plous young Dublin bachelor application of the proposition from an impulsive to their mutual surprise, they dently nurtured). But the

developments in popular humour since the Goons and Monty Python, is a tribute to neither Lindsay Kemp nor Yul Brynner. monty Python, is a tribute to me the company that the hald neither Lindsay Kemp nor Yul primadonna still wears her hair in the same style.

Brynner, but "a maniacal in the same style, I now find this sort of stuff english suburbia" (Tynan's phrase)

The company that the hald primadonna still wears her hair in the same style.

I now find this sort of stuff more trying than funny, but the show is saved by the squintingly phrase)

amended from Dublin lodging house to chintry front room. John Jo Mulligan's idea of taking a girl out is to wheel her off to Benediction. Michael Mears, perhaps over-doing the bespectacled foolishness of John Jo, nonetheless paints an amusing portrait of a quivering

entirely subdued normality. Gallery's late

glacial supervision of Linda Bassett as Mrs Smith. Her truly

brilliant characterisation floods

triviality with a pumping supply

of devastating suburban tics and

signs, creating the genuine Ionesco mood of lunatic but

sea of inconsequent

The National Gallery is to remain open until 8.00 pm on

May 17-23

Arts Guide

Theatre **NEW YORK**

Cats (Winter Garden): Still a sellout,
Trevor Num's production of T. S.
Eliot's children's poetry set to trendy music is visually startling and
choreographically felline, but classic
only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heydry of Broad-way in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Torch Song Trilogy (Helen Hayes):
Harvey Fierstein's ebullient and touching story of a drag queen from

(757 8646).

A Chorus Line (Shubert): The longest-running musical ever in America

den halben Wert.

Ihrer Stadt weiter verbessert.

backstage to loneliness incorporates all the wild histrionics in between, own to the confrontation with his down to the communication with mis doting Jewish mother. (944 9450). Dreamgirls (Imperial): Michael Ben-nett's latest musical has now be-come a stalwart Broadway presence

despite the forced effort to recreate the career of a 1960s female pop group, à la Supremes, without the quality of their music. (239 6200).

Brighton Beach Memoirs (Neil Simony. If he wasn't sure before, playwright Neil Simon can expect a long run of his funny as well as touching childhood reminiscences now that the Nederlander organisation has generously decided to name the theatre after the generation's outstanding box office draw.

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has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

The Beal Thing (Phymouth): After 14 months in London, Tom Stoppard's latest giggle at the English intelligentsia, with a new-found attention to the heart that beats beneath the veneer, directed at a fast clin by

pears each Friday.

veneer, directed at a fast clip by Mike Nichols. (239 6200). inday in the Park with George (Booth): Inspired by the Seurat painting, Stephen Sondheim fash-ions a musical with dots and dashes of song that end too soon but work well with Tony Straiges's pretty set and James Lapine's book which

Noises Off (Brooks Atkinson): The closest Broadway gets to the British farce tradition is this import of Mi-chael Frayn's funny backstage view of all the slamming doors and dropping drawers. (2453430).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gandy chorus numbers. (757 2828).

LONDON

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of back-stage shenanigans on tour with a

third-rate farce is a key factor. Startight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskat-ing folly has 10 minutes of Spielberg

ing folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Dis-neyland, Star Wars and Cats are all influences. Pastiche store notes to-wards mek wards rock, country and hot gospel.
No child is known to have asked for
his money back, (834 6184).
On Your Toes (Palace): Rodgers and

Hart's 1936 musical is a genuine ton-ic. American jazz dance collides with the Ballets Russes. Gems include There's a Small Rotel, Glad to be Unhappy and the Balanchine bal-let for Slaughter on Tenth Avenue.

(437 834).

(2nd Street (Drury Lane): No British aquivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. Ameri-can Clare Leach is a real find as Peggy Sawyer, and Margaret Courtenay has a field day (835 8108). Me and My Giri (Adelphi): Sleek, effi-cient and enjoyable revival of Brit-ain's biggest war-time musical hit with Robert Lindsay in the Lupino

Lane role emerging as the best new musical star since Michael Crawford. (836 7611). Other Places (Duchess): Colin Blakely and Dorothy Tutin in a reassembled trilogy of Pinter plays: A Kind of Alaska in which a victim of sleeping sickness awakes after 29 years; Vic-toria Station, a funny throw-back to

Pinter's early revue sketches, and last year's One for the Road, a chill-

ing piece of intimidatory police state controllation with first Pinteresque intimations of political despair.

The Government inspector (Olivier): Striking but unfunny revival with under-equipped TV comic Rik May-all playing the poseur as a shricking nose-picker. Richard Eyre's produc-tion for the NT lacks either comic tension or true delision but with tension or true delirium but, with John Gunter's imposing design of bureaucratic bund, the show has a sort of monumental starkness as well as nightmarish tedium. New translation by Adrian Mitchell. (928 2252).

unum (Victoria Palace): Michael Crawford returns to London with his breathtaking performance as the circus impresario, adding one or two new tricks in a likeable meringue of a musical. (634 1317, credit and 828 4735) cards 8284735).

compers (Aldwych): Confident almost sober revival of Tom Stoppard's glit-tering comedy of love, murder and linguistic mayhem among the logi-cal positivists, with Paul Eddington a more earth bound George Moore
Il than was Michael Hordern, Felinity Kandal delightful as his retired
musical comedy wife. Peter Wood
directs. [8368404, credit cards
3796233].

it had been seen at Sotheby's but the price was slightly

FINANCIALTIMES

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Wednesday May 22 1985

Pangloss in Wall Street

NOT FOR the first time, the U.S. financial markets—and for that matter the currency markets—are out of step with the opinion of economists on the U.S. outlook. Market participants with the matter participants of the underly market participants. U.S. outlook. Market participants will not be unduly worried about this; they have been triumphantly right, against the economic consensus, for a long time now. All the same, a market that hits an all-time high in face of slowing activity and declining profits and investment and merely pauses for reflecand merely pauses for reflec-tion when already lacklustre figures are revised downwards, seems to be getting a little out

of touch with reality.
What is more, the securities and currency markets seem to be listening to different echoes of their own optimism. Shares rise because investors believe that the Fed has shown that it that the Fed has shown that it will cut rates to keep the recovery going. The dollar firms because a higher inflation figure suggests that policy will remain tight. This time, perhaps, the economists are right. It was Dr Pangloss in Voltaire's Candide who personified the doctrine that all news is good news; and when the markets show signs of Panglossian thinking, it is useful to dwell for a little on the darker side of the picture. The case side of the picture. The case

for gloom is unhappily quite a strong one and the case for an economic rebound, originally expected in the first quarter of this year, but now, according to the U.S. Treasury Secretary, Mr James Baker, equally unlikely in the second, looks more and more like wishful thinking.

It is hardly news that the

manufacturing sector has been badly hurt by the strength of the dollar, but the extent of the damage is easily over-looked. According to recent figures from the U.S. Census Bureau, profit margins on sales in the durable goods industries had already towards the end of last year dropped to about 4 per cent, at the end of a period of very rapid growth in the economy. They have probably fallen further in the subsequent months, to not much more than half the margins normally be forecast, only wished for.

Expected in a mature recovery.

There is no mystery in this; cut itself, and the fierce diplomatic productivity growth are also well below cyclical norms; and the result, a sharp cut in growth, suggests that the U.S. plans.

ment goods have fallen very sharply this year—though the order picture, due partly at least to advance orders for a new computer range from IBM, looks healthier. More suggestively, there has been a rise in inventories. In the past, such a pic-ture in the capital goods myket has nearly always presaged a

Retail demand, it is true, remains substantially stronger —thanks in part to consumer anticipation of large tax rebates, now being paid after a delay due to computer breakdown. This, however, presents a dilemma for the Fed; further dilemma for the Fed; further easing may stimulate further consumer borrowing but do little for output and incomes, adding to the U.S. current account deficit while doing little to address its cause, the U.S. Federal deficit. The odd decision to cut discount rates two days ahead of the meeting of the Fed's open market policy committee suggests an uneasy compromise, struck to pre-empt too much discussion at this

Best hope

The authorities also face a dilemma when it is time to speak in public. Mr Volcker has made no secret of his wish to see the dollar ease in the foreign exchanges, and Mr Baker has quietly backed him. However, openly gloomy state-ments about the short-term out-look, which could help the dollar down, might prove politically costly. Mr Baker is committed to a major effort to reform taxes—a programme which would be deeply welcome consistent in the second Adoverseas; but a Reagan Administration whose aura of economic success was too badly tarnished would lose the momentum to pull off this dif-ficult feat.

The best hope, perhaps, is that further interest rate cuts will help to sustain some forward momentum—mainly, it seems likely, in the housing market—and will at last provoke a real correction in the dollar; but the currency markets have defied logic for so long that such a result cannot is natural worried than their public

Objectives for higher education

higher educational policy announced yesterday seriously interested in the matter. The Green Paper outexpansion. On the other, it rejects calls by heads of businesses for sweeping reforms in the structure of degree

been worse for business interests, even though it pays industrialists. The group called for the replacement of the prevailing three or four-year honours courses by less narrowly specialised prothe proposal is to promise a funds specifically for engineer-"limited experiment" with two-ing. But the Green Paper fails year initial studies in a small to take up the issue. number of universities and

engineers among newly emerg-ing graduates, from about 13.9 per cent this year to 14.4 in 1990, and a marginal rise in the proportion of scientists. Other measures intended to

measures in the interests of economic regeneration. With-out it, as the Green Paper says, the country will become less and less able to afford education and less ane to airord education for the higher order purposes of scholarship and social advance. The trouble is that most, if not all, of the measures have been advocated and promised repeatedly over the best part of two decades, but nothing has been effectively done to my

has been effectively done to put them into force.

It is true that the Govern-ment pledges to be "fully er taged" in planning the pro-posed improvements. But plan-ming changes is different from achieving them and there is

has declared that its first try at least to do more than improve the sector's contri- tions in 1986." By then there He is also very familiar with bution to the performance of the ought to be some achievements the Sheffield steel scene, as GEI

ing day, more than 600,000 people in England will go to see their GP and another 100,000 will see a specialist doctor at a hospital outpatient

In addition, 250,000 people in addition, 250,000 people will spend today in hospital as in-patients. If they could be joined by everybody on the hospital waiting lists that figure would be one million. The lists include some who have been waiting painfully for years for non-marginary orthogodic. for non-emergency orthopaedic treatment and others for whom renal treament would be a life-saver if only it were avail-

These figures dramatise some very basic questions about the future of health care in Britain. Does the National Health Service provide the finest level of general health care in the world? Or is it deteriorating rapidly under the pressure of rising capital costs, rapid and expensive improvements in medical technology and Government constraints on public expenditure?

The NHS now costs £13.7bn a year, about 10 per cent of all UK public spending, but the Government's promise that it will protect and improve the NHS by increasing spending in real terms every year looks likely to turn out to be true on paper, but false in fact. Economic factors, such as rising inflation and competition for equeezed public spending resources are one reason. Social factors, such as changing demographics and ever-rising expectations of improving life quality and medical care, are a second.

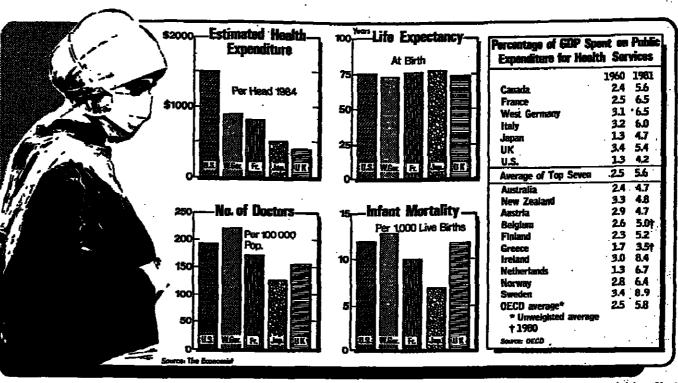
The Government's much ignored green paper on public expenditure and taxation into the 1990s, "The Next Ten Years," published with the 1984 Budget, recognised the problem. It said: "As with social security, demographic changes constitute a major influence on this programme. Health care costs are dependent on age. At present the costs in the 04 age group are twice as much per head as for those of working age; for the 65-75 age group about four times as much and for the 75 and over age group about nine times as much.

"Until the early 1990s and again from the early years of the next century the proportion of the elderly and very elderly in the population is forecast to rise. In particular, the numbers of those over 75 are forecast to rise from 3.5m in 1984 to 3.8m " If current levels of spending

on the hospital and community health services per head of population in different age protestion in unretent age groups were to remain constant over time, spending would need to rise somewhat under 1 per cent a year between 1983-84 and 1993-94 simply to keep pace with demographic changes." In the short term, the Govern

ment has committed itself to this 1 per cent real growth target. But even this is a much lower level of growth than hitherto. Spending on the NHS has tripled in real terms since the 1950s; since 1978-79 it has after allowing for inflation. But as Mr Norman Fowler, Social Services Secretary, pointed out in his first annual report on the NHS: "In terms

of input volume—what money can buy for the service—the can buy for the service—the NHS rise since 1978-79 means an increase of 7.1 per cent; this lower figure reflects the fact that Health Service costs rose faster than general inflation over this period." BRITAIN'S HEALTH SERVICE



Alive, but breathing with difficulty

By Robin Pauley

rise in real terms provision for the NHS now looks in doubt. The assumptions in the most recent public spending white paper show general inflation as measured by the GDP deflator rising by 4.5 per cent in the current year, a figure which is now regarded as optimistic. Unless Mr Fowler can extract some compensation from the some compensation from the Treasury's contingency reserve, higher inflation will have to be paid for out of the NHS budget already fixed. Equally, any pay settlements within the service above the Government's assumption of an overall 3 per cent pay rise will have to be internally funded either by improved

As Mr Fowler said in his annual report, NHS costs tend to rise faster than general cost levels in the economy. This is principally because advances in medical technology now produce immensely sophisticated diag-nostic and treatment machinery, such as body scanners, at very high world prices. The public spending gren paper noted:
"Where they involve expensive
equipment, expensive surgical techniques or new drugs they can lead to powerful demands for increased funds. Even where unit costs have been

efficiency or by service cuts.

such treatment may strain the resources available." These seemingly inexorable pressures are at the root of Mrs Thatcher's decision to change the approach to the agement has been introduced. Hospitals-half of which were The table shows how Britain built in the last century—are

has slipped in the health service expenditure league table. In 1960, Britain and Sweden to be put in the hands of responsible managers, doctors are to be made to understand, and account for, budgets and re-sources nad the NHS now has a led the OECD states, but by 1981 Britain was not only way behind Sweden and several other countries but also below mangement board whose chief other countries but also below executive is Mr Victor Paige, former chairman of the Port of average and the 5.8 per cent London Authority and the National Freight Consortium. Alongside this is the introduction of tendering and competition wherever possible in the part of the pa

sector health provision, more

NHS staff and patients have to stop thinking in terms of 1960 when the UK was top of the league

tracting out of some services expand and develop.

tion wherever possible in the

adequate health care are not unique to Britain; nor is Britain alone in having a sophisticated health-welfare system which is largely free at the point of delivery. The UK was an early leader in the field but many other countries have since NHS, Europe's largest single other countries have since employer. Her's is the first caught up and overtaken it—a administration, for example, to notable exception being the insist that the NHS be run on business principles wherever a very poorly developed system possible. To this end new of welfare health service but a To this end new of welfare health service but a on efficiency, value highly developed and very ex-

service together with the con- than double present spending. However, the crude "share of GDP" comparison is in-creasingly frowned upon as a reliable indicator for the quality service—higher spending

does not necessarily mean ter health or longer lives. Taking total public and private expenditure on health care together, the U.S. spends three times as much per head as Japan and Britain without significantly better results as the chart shows (although care

for example there is colossal expenditure on attempting to pro-long life in apparently hopeless: cases. Up to 30 per cent of all U.S. health care expenditure is expended on the last four weeks

Yet even if Britain is falling behind, however the compara-tive figures are calculated, there has been an enormous expan-sion in the NHS in the past 20 The figures speak for

Total staff are up from 450,000 in 1963 to 600,000 in 1973 and 827,000 in 1983 in the NHS in sz, 000 in 1983 in the NHS in England alone; more patients are receiving more hospital and out-patient treatments than ever before; more drugs and higher nursing-patient ratios have improved the quality of health care, but not at a fast enough rate to make people think that it is better than, or even as good as, it was. "Pressures for addias, it was. "Pressures for addi-tional expenditure continue to be strong and there appears to be strong and there appears to have been little if any effect on the gap between services and expectations," the public spending green paper warned.

All this leads to four important conclusions. First, at current levels of provision and that its relative position against OECD partners is likely to fall. still further. In addition, even the much-criticised levels of provision sustained since 1978-1979 probably cannot be maintained so that, after allowing for NHS cost inflation, demo-graphic changes and constantly

string of governments that billions of pounds would now have to be added into the NHS budget to make up.

Second, therefore, a different view of the NHS will have to be taken both by its customers and by its staff. Traditional complaints about decline are clearly not going to be met-by a massive injection of new

Doctors, health authorities and patients have to stop thinking in terms of 1960 when Britain was at the top and start thinking about 1985 when Britain is below average. Reorganisation of services and more emphasis on efficiency is

Third, a painful consequence of this situation is that rising expectations are not going to be met. This inevitably means that very hard choices will have to be made: some patients may be in discomfort which could be-alleviated. At another level patients may die who could given unlimited resources, be kept alive.

This is the case, for example, with both heart by-pass surgery and renal treatment which are very expensive and which are offered much less in Britain than in the U.S. and some European countries. The number of new renal patients accepted for treatment in Britain rose from 22.1 per million population in 1979 to 33 in 1983, but demand still outstrips supply for both dialysis and transplant. The Government has set a target of at least 40 by 1987 but the short-fall means that rationing, which principally falls on the over 65s.

Fourth, the balance of mphasis of the health service is likely to swing further back towards care outside the service and away from attempts to cure everything for everybody. The indications are already there shorter hospital stays, more day surgery, more care in the community and at home for the mentally ill and handicapped and the chronic sick, This does not eliminate costs but trans-fers part of the burden to local authorities and/or the pockets of individuals who may in their turn be ill-equipped to shoulder

There are already very strong pressures on local authority expenditure where key caring services like home helps and personal social services are being restricted. Together with pressure on NHS external services such as health visitors and home nursing, this means that home and community support services are also having to make painful rationing choices similar to those within the NHS.

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One likely outcome is that the One likely outcome is may me-middle classes, the most articulate users of both NHS and local authority services, may find themselves choosing, albeit unwillingly, to pay for the kind of support systems they have come to know and expect.

It is clear that the Government is not prepared to allocate the scale of funds required to reverse this trend in NHS provision. And it is doubtful whether a future governmen given other competing claims on resources, would be able to do more than hold the present line or make marginal improvements without substantial increases in taxation.

The NHS is not dying; it is alive, but breathing with difficulty. But the ideal—and idealistic—form of it which peeds to be exercised about the different definitions of infant mortality).

Different countries have different priorities. In the U.S. graphic changes and constantly expectations, people difficulty. But the ideal—and believe the NHS is as good or better than it was. The relative position has been slowly indeed, it was ever really more than an ideal in the first place.

THE THATCHER Government's promise made to this end is an **Forging**

probably please nobody who is lining the proposals seems mainly concerned to tread gingerly between opposing pressures. On the one hand, it polytechnic and college lobbies

Academics and · their associates, for example, will lament the decision to cut student expacity from the end of the 1980s. The number of places on degree courses is scheduled to fall from the present 565,000 to a low point of about 490,000 in 1996-97. But the effect is unlikely to justify the instant complaint of the university teachers' union that the cut will be damaging to the country's young people. The reaching the age of normal entry to higher education will fall more steeply than the number of student places. The probable result will be some easing of the fierce competition for university entrance in particular, and greater room for higher educational institutions in general to admit older people.

First priority The policy might also have scant heed to the arguments for radical reforms voiced two years ago by a study group led by grammes lasting two years. The that universities must use a Government's only response to certain proportion of their polytechnics.

economy. The most concrete as well

sharpen the sector's economic effectiveness include concentration of scientific research and the teaching of arts in fewer centres of observed excellence, and the tightening of mana-gerial controls. Higher educa-tional institutions will be encouraged to pay more attention to the wants of industry and commerce and to the import-ence of working to develop commercially exploitable products and services.

There is little doubt of the urgent need for all such

achieving them and there is little other than words in the document to raise confidence in the will of ministers to press on against the institutions' opposition. For instance, the ingineering Council is openly dubious about the universities ability on their own initiative to achieve even the small proposed increase in the output of engineers. The council wants the Government to stipulate

umber of universities and The best test of the policy olytechnics.

In compensation, however, it to fulfil its promises. It should priority for higher education make—as the document says—over the next decade is to "a further statement of inten-

new links

SHEFFIELD'S STEEL mafia continues to deal with its probems in its own ways. Yesterday, without warning, came news of the resignation of David Clarke, the first managing director of the star-cross'd

Sheffield Forgemasters. Clarke follows Don Hardwick Forgemasters' first chairman, group was raising additional capital because of much worse results than expected.
Forgemasters was set up in
November, 1982 in the hope

of salvaging something from the big press forging businesses of the British Steel Corporation and Johnson and Firth Brown. Hardwick, a former master cutter, had led JFB through a major steel investment programme in Sheffield in the 1970s only to find demand disappearing in the early 1980s. Clarke had a similar experience down the road at BSC's River Don works, where he had been general manager from

When Forgemasters was formed, the BSC man won the front line job, but it turned out to be a hollow victory. Clarke closed plants, cut the combined workforce by 40 per cent and looked all over for new business, but the times were against him. Forgemasters has lost nearly £30m since being set up and, although orders have at last begun to improve, profits are still some way away.

In any joint public-private sector venture, it is often difficult to detect shifts in power, but Forgemasters today is a particularly inscrutable case. Neither BSC nor JFB seems to have much influence

The new chairman is Thomas Kenny, who as chairman of the engineering group GEI International, is perhaps best known for his salty comments on governments of all stripes in his annual message to shareholders.

Men and Matters

private sector groups there, Sanderson and Kayser, Kenny took with him to the Forge-masters board another GEI executive director, Ed Thomp-

Wright, a senior executive of the Aurora group, to succeed Clarke as managing director. Aurora, it will be recalled, nearly went bust three years ago after trying to rationalise the special steels industry. Wright, another veteran of the Sheffield steel scene, presumably makes the move with the blessing of Douglas Morton, Aurora's md. Morton is also a director of Forgemasters.

Hot air time

The Australian invasion of British television continues apace. As well as Bruce Gyngall presiding over the British breakfast table at TV-am, Jonathan Chief at TV-am, Jonat than Shier, aged 37, has just landed the top selling job in independent television — as sales director of Thames, the largest independent television

company.

Shier was posched by Thames from Scottish Television, where he is credited with successfully raising the advertising rates over the past year when, in general, the advertising revenue of the independent companies

has slumped.
Thames has not had a sales director since the departure of Tony Logie in February to run the sales campaign of Sky Chan-nel, the cable entertainment channel. Shier will have his work cut out. London has been losing

revenue to the regional stations. Thames very much wants to see that process reversed.

out in its share of advertising



"In view of the prison over-crowding, I sentence you to three years in a bed and breakfast hotel on the South Coast"

the 1984-85 financial year, well down from the record £13m of the previous year.

Retreat sounded

Albin Chalandon is, these days, a man who believes that the intellectual tide in France is swinging in his favour. He set the French Chamber of Commerce in London buzzing

by preaching the pure doctrine of free enterprise for Franceurging not only a government retreat from the management of business and industry, but also a substantial rolling back of the state sector through privatisation.

Chalandon, aged 65, was chairman of Elf-Aquitaine for six years until 1988. Then, when He is also very familiar with the Sheffield steel scene, as GEI announce in September profits eye with the socialist governowns one of the few surviving of between £8m and £9m for ment over chemical industry

restructuring, he was sent on his way by the politicians. He is now arguing that France's current phase of low growth is due to government intervention in business and an over-large public sector. He dislikes the way that technocratic civil servants have been put in charge of large public companies, "They do not neces-sarily make very good business-men." he laments.

Many of his views on the need to restore market disci-plines in France sound similar to lectures the Conservatives have been giving the British over the last few years.

But dirigism is deeply in-grained in French public administration, and would not be lightly abandoned by a future French Centre-Right government.

Naughty 'sixties

Sir James Cleminson, president of the Confederation of British Industry, chose as the theme of his speech at the CBI's annual dinner in London last night, "How will we, the man-agers of today, be judged by those who follow?" A perfectly respectable text. But as he developed it, his audience was aware that he

was as much concerned with blaming the problems of today on the sing and omissions of our fathers.

There was no doubt, he asserted, that the nation was

now suffering because an earlier generation missed big chances 20 years ago. Developing that theme, as a man who was an active indus-trial manager during the period. he said, "If we look back honestly we can fairly say that

all of us—governments and in-dustrialists alike—affectively postponed change in the sixties and seventies. The fact that we did not bring about change rapidly enough at that period has made it more painful than it need have been." There seems to be room for a society for the protection of the sixties.

Observer

Time for Sunshine on Your Investments? Learn About Albuquerque

and New Mexico, USA 850 Miles to Ocean or Gulf! Get in on the Ground Floor of the



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capital restructuring.

THE ENGLISH manager of a major bank in the Gulf picked up the two-inch thick wad of papers on his deak and fileked through them. "Look at them—literally hundreds of loans, some of them guaranteed by the highest in the land—and not one of them can we collect on," he said.

Throughout the Gulf, the structure is similar. The turn-

situation is similar. The turn-round in the region's economies round in the region's economies brought on by the decline in oil markets and subsequently in government spending, has left some of the region's banks—and some of the international banks with a presence in the area—with portfolios littered with non-performing and doubt-ful lears. The more prestricted ful loans. The more prestigious the client, the more difficult it is proving to seek repayment.
Those once alluring Arab
clients, with a legendary net
worth, are now receiving a cool
reception from hankers. The problem is that the good names which still remain, the truly rich, do not need to borrow. Those who do have a hard time

doing so now. Throughout the region, banks are retrenching region, banks are retrenching their lines of credit, and pulling back to concentrate on rescheduling their existing clients. Some foreign banks are also withdrawing their money market lines to the area

The international banks are closely monitoring the banks in the Guif, particularly the smaller ones. Some institutions, of course, remain sound and are are still growing. Their strength rests on the fact that they are owned by ruling families, governments, or "old" money families. Most backs in the Gulf are still net placers of funds abroad, and all have the total support of their Governments. And there is no question of banks being allowed to close their doors (as bappened in the United Arab Emirates in 1977).

But in the last year this iron-ciad commitment by the states to support their banking systems has begun to prove a costly exercise. The Abu Dhebi Government has had to spend considerable sums to recapi-talise its new Commercial Bank; in Dubai the mergers of three banks has cost the local Emirate Government several hundred million dollars; and in Kuwait, the debt problem is likely to

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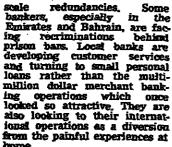
COURT THE

Across the Gulf officials blame the banks for rushing too hastily into the market and for leading to clients who had no tested commercial record. Dur-ing the 1970s and early 1980s. "briefcase bankers" poured into the area. During this spree of lending, the offshore bank-ing units in Bahrain were set up which helped produce the web of indebtedness involving major international banks. To-day, they are licking their

Financial problems in the Gulf

The legacy of the 'briefcase bankers'

By Kathy Evans in Kuwait



The banks argue that it was lack of government regulation in the Gulf which allowed the Ruwait, the absence of state supervision over the financial market beined generate the biggest disaster in the country's history—the Souk Al Manakh stock market collapse, which has caused hundreds of Kuwaitis to be referred to the bankruptcy

In the Emirates, the lack of regulatory muscle led to 50 banks competing in a population of less than 1.5m people.
Banking licences were all too
easily obtained with some
owners treating their institutions as little more than a source of funds.

Economists in the region say that the governments have reacted too abruptly to the decline in oil revenues and that the sudden cutbacks in spend-ing have allowed little time for the private sector to adjust. The governments, on the other hand, need to protect their foreign reserves and emphasise the role the private sector should play in taking up the slack in investment. But this appeal comes at a time when there is far less In several parts of the Gulf liquidity and local investment banks are now declaring large opportunities look unattractive.

The courts provide little relief to bankers' problems. In the Emirates, judgments are difficult to secure and enact and clients are frequently "missing." Despite avowals to the contrary, ruling families still hesitate to allow the hanks to exert the full rigour of the law over their

In the past such proceedings also led to squabbles between creditors over preference in the liquidation process. Large-scale bankruptcies ere now occurring, particularly in Dubai, and all of them in a legal vacuum. The country has yet to formulate a bankruptcy law, despite three years of promises to do so. In Saudi Arabia, the great imponderable is bank interest, for in the motherland of Islam, the concept is not recognised in commercial and legal proceed-ings. Most bankers try to avoid the courts, for in the past bank interest which had been paid by a client was subtracted from

bank sought repayment. Bankers used to be able to "shame" a client into repaying his debts, but western influences have eroded that code of honour. The Ministry of Finance in Riyadh has not commented on these problems, yet with 300 bankruptcies since the end of 1983 and more to come, the question of bank interest is likely to loom larger. Meanwhile foreign bankers say they are looking at new loan requests with extreme caution.

the amount outstanding when a

In Kuwait, it is now impos sible politically for the Government to pour more public money into solving the Manakh problem. Already some \$7bn has been spent in propping up the stock market and rescuing

small investors.

This political restraint has emerged at a time when the Kuwaiti banks urgently need estures of support from the Government, particularly after the authorities' handling of the collapse of a major exchange house, Jawad Haidar Abul-

The Kuwaiti banks are now deciding whether injecting further funds is worthwhile. Abulhassan was virtually the country's seventh bank and its fate could have an impact on the reputation of other Kuwaiti institutions, Foreign Banks which lent to the company can

only join the queue of creditors. Non-performing and doubtful loans are thought to total about 40 per cent of all bank credit in Kuwait, or around \$5.2bn. Finance minister Khorafi told Parliament recently that the figure was even higher, about

To be set against this are the banks' reserves, both hidden and published, which amount to 34.4bn-\$4.8bn according to local estimates. Government officials believe that it will cost a further \$6.6bn in public money to settle the Manakh problem once and for all.

The foreign banks have yet to be publicly touched by the crisis but this could change in a few weeks as the first court case begins in London against one of the largest debtors, himself a banker. The extent of foreign borrowings by Manakh investors cannot yet be calcu-lated, but at least two are known to have secured \$320m in syndicated loans.

There are also about 50 major investors who have not yet

joined the queue to the bank ruptcy court because their dealings are linked with those of members of the ruling Sabah family. If the foreign banks choose to bring their cases back to Kuwait, there could be a stampede by other local banks to lodge their claims first.
Offshore bank managers in
Bahrain are also looking carefuly at the plight of the closed
companies, for most of these
also face bankruptcy. Many

were set up to take advantage of the Manakh boom and if they Government needs to: also fail alarm bells could ring all over Bahrain. In such a situation, it is not surprising that banks in the Gulf declare, with a touch of pride, that they are not lending

in the area. As the 1984 bank balance sheet figures begin to emerge, the full extent of the problem is becoming clearer. Some difficulties are being dis-guised through mergers. In the next few weeks, the UAE can expect to see repetitions of the moves which led to the forma-tion of the Commercial Bank of Abu Dhabi whereby several or Abu Dhabi whereby several banks with dubious loan port-folios joined together and received massive injections of government cash to bolster capital and provisions for bad debts. In the view of some expatriate bankers such moves, though welcome, do not solve the problems.

The managing director of the new Abu Dhabi bank, Sultan al Suweidi, has promised tough action against those individuals with outstanding loans. Local bankers smile and wish him well in the difficult task of collecting on his loans, which like many others in the Gulf, look increasingly uncollectable.

UK coal industry

What the Government needs to do now

By Robert Belgrave

NOW THAT the National Union of Mineworkers has lost its veto Then let Ian MacGregor and his eventual successor (who should be a businessman, not a politician or official) get on with on the future management and structure of the National Coal Board, what sort of industry the lob. would give a reasonable pros-pect of secure and low cost coal Outsiders cannot know the limits to the degree of manoeuvre that is open to the

(and thus electricity) supplies, and would not involve the tax-payer in open-ended subsidies? NCB but the following action seems feasible: The unions may have lost Revitalise the management, many of whom, having worked in a declining industry for 20 years, have neither the flexibility to entertain new ideas nor their veto, but management still has to work with them, not least because the statute says they must. Both across-the-board and partial privatisation must therefore be ruled out. the will to accept accountability for decentralised management. even if a commercial organisa-tion could be found to buy the This means early retirements, generous compensation, and open-cast operation that would take the risk of obstruction from replacement from the young or from outside. At the other end local planning authorities; or of the workforce, ensure the highest rewards for deputies and face-workers, without dragging up the general level of at the other extreme of profit-ability even if the Kent miners could find a fairy godmother to

put up the necessary working capital for them to take over • Undertake a blitz on overheads and sell off redundant No government, whatever its property. economic philosophy, can abdicate responsibility for the framework within which a state

 Put in hand (with the aid of outside consultants) a pit-by-pit industry will operate, though the less it interferes in the day-to-day management the better. review, in order to determine which now make a positive contribution to overheads.

In such a review, all past investment should be ignored. Lift the prohibition on the These sunk costs may never be recovered. They are irrelevant CEGB importing foreign coal, but still expect it to buy at least two thirds of its coal requirement (pre-strike 75mt a to the decision whether to con-tinue production or not (hence the need to revise the Treasury financial objectives). It should year) from the NCB. Encourage the CEGB or private concerns be assumed that coal will fetch to build power stations at major the same pet-back price at the ports, designed to run on imported coal; likely to be pit-head as it did in 1983, ie, a constant real price and that any increase in real receipts will be available at present prices from a wide variety of sources, most offset by increases in real costs. (Nobody knows whether a price of whose costs are not affected by the fluctuations of the dollar. et by competition at the margin • Provide capital for new with the international market investment and confirm the pledges that there will be no compulsory redundancies. will be higher or lower than in 1983: no assumption that it will be higher is sufficiently robust for planning purposes.)

• Provide funds to cushion the New investment (including repairs necessitated by the strike) should be undertaken transition and for alternative employment in areas of mine closures. This will involve taxpayers in provision for one part only where it will increase the contribution to overheads suffi-ciently to provide a commercial of the community at the expense of the rest on an unprecedented scale; they have a right to insist that the commitment is return on that new investment (say 10 per cent in money-ofthe-day or 5 per cent real).

 Permit the NCB to operate under normal commercial criteria, and not distort these by arbitrary Treasury account-ing rules. This will involve a

closure, in the long term their retention will again shackle the NCB with an inheritance of uneconomic and unmanageable

and Belvoir but delay new mines until experience has shown that costs can be con-tained in these two and that there is a probable market for additional production;

additional production;

• Do not assume for planning purposes that the UK market for coal in 2000 will exceed 100mt (the 1983 level), or that the NCB's market share, will be more than 35mt. (It would drop to the 50mt implied in the proposed CEGB guarantee, unless costs are kept below the delivered price of imports to inland sites.)

Assume no exports, other than to dispose of umplanned surpluses that cannot better be rut to stock. Extra production for export must be by definition at the marginal (highest) cost of the industry. This, combined with the cost of transport to seaboard and shipment and unshipment (ie the converse of the logistic situation that will continue to protect most UK coal from foreign competition), from foreign competition), makes it unrealistic to suppose that UK coal can compete on the Continent with imports from Australia, South Africa, Colom-bia, Poland or even the U.S. Given the slower-than-expected growth of the international coal trade, and the spare capacity at current cost that exists in most exporting countries, there is no reason to assume that delivered prices in North-West Europe will rise above present levels. Concentrate both market and technical research on the consumer; notably on improved

combustion and The top managers of the NCB are determined to take this opportunity to put its house in order, but to overcome their formidable technical, financial and labour management problems, they will need the solid support of the Government and

The author is head of Joint Energy Close all other pits. The costs of redundancy, relocation and alternative employment should be ignored for decision purposes. Even if in the short term they exceed savings from

money From the Director General Designate, British Institute of

Velocity of

Sir,-The report by American Express (May 17) on the spending of UK companies on travel, ment which heavily criticises the last year or so to grizzle the practice of UK managers, about the \$/£ exchange rate, the practice of UK managers, appears to have been accepted as accurate with no critical examination of the numbers stated. They must, presumably, have been based on some form of sample because not even American Express can have aproached every UK company, and if it had far too many menagers would have been tra-velling (at company expense) for there to have been anything

If the figures are examined carefully, they seem incredible. For the sake of round numbers (and American Express clearly favours these) let us assume that the UK labour force has 20m working members (the survey excluded the civil service), and that Im of these are managers who travel and make use of expense accounts. The survey states that £17.4bn is spent vey states that 217.400 is spent annually. That is equivalent to 217,400 per year for each of the 1m managers. Further its states that at any one moment £1bn is in employees' hands as cash advances. That is equivalent to £50 permanently in the hands of each employee, or £1,000 per manager. The construction sector is stated to be the worst offender. Again, round numbers give im employees in this sector and, let us say, at the very most 100,000 of these are managers. The £4hn stated as spent by this sector is equivalent to £4,000 per employee or an unhelievable employee or an unbelievable \$40,000 per manager. Criticising British managers

has become a national pastime. It is often unfair and unfounded. If our managers are to be accused of profligate spending and an inability to control costs, it is to be hoped that the criticism will be based on

C. J. Constable. Management House, Parker Street, WC2.

Historically high interest

From Mr A. Mitchell. Sir,-I note that your editorial of April 18, just received, but perhaps still current, sup-ports the Confederation of British Industry in its complaint about allegedly high interest rates. Might one ask for whom the rates are high? I receive an average of 11 per cent gross on Government securities, and less on a bank deposit. After deducting tax and allowing for inflation I am left with 1.6 per cent net real interest. Is this historically high? I doubt it.

Presumably the CBI, unable for

Letters to the Editor

now wishes to return to the debtors' field days of the 1970s when one received negative real interest, gross as well as net, for the privilege of lending

money.

Alternatively, if the real cost of borrowing is historically high, dare one ask whether the commercial banks spread commercial banks spread between interest paid on deposits and that charged on leans is partly responsible?

Presumably when banks paid

2 per cent on deposits, a 4 or

5 per cent spread was hardly

A. H. G. Mitchell, UNDP/UNDTCD, Bureau of Mines and Geo-Sciences, PO Boz 7285 ADC, Mia Riad, Pasay City, Metro Manila, Philippines.

Buying the index From Mr N. Carn.

Sir,—Your editorial of May 16 raised the question of index funds. For an institutional investor there are clearly attractions in this sort of investment since, as you say, the wast majority of fund managers underperform the broadly based indices. There are, however, some aspects that seem to escape discussion. The most obvious is that the universe of obvious is that the universe of participants in the market cannot, by definition, outperform the broadest index and as an increasing amount of money is managed by professional managers this will be true of them as a group. Give all the money to the top performing manager and he will underperform the market to the extent of his transaction costs. To buy the index implies that it is regarded as some sort of model portfolio whereas, in fact, it is the most arbitrary portfolio of all, and not a proxy for the economy as a whole. In the UK, for example, the service sector, the fastest growing part of the economy, is under-represented in the index.

under-represented in the index.
More disturbing, however, are
the implications of the trend
towards index funds for the towards index funds for the pricing of capital. The managers of pension funds and large institutional accounts may be rightly criticised for on occasions seeking short-term performance but (as a group) have a bias towards soundly managed growth companies. The more money committed to index funds the more the pricing consensus, which is the strength of the stock market, is under-

mined. In the admittedly absurd example of all institutional money being committed to index funds, the price at which capital could be raised by companies would be entirely in the hands of a few marginal operators.

For from decreasing the vola

tility of individual stocks, index fillity of individual stocks, index funds tend to increase it and institutionalise the principle that a rise in the stock price increases demand for the stock, and correspondingly a fall in the price decreases demand. This effect is conspicuous with large funds who are seeking a current weighting for their cash

Where index funds choose a comparatively narrow index, say the FT-SE 190, enormous volatility is created at the margin, a small price change on cause a stock to move in or out of the index, triggering automatic buy or sell orders from the index funds.

Indexation is superficially attractive, but it is a process of piggy-backing on the decisions taken by the rest of the investment community and involves an abrogation of responsibility for the pricing mechanism. How odd to trust the managers with the valuation of your funds but not with the money! Nicholas Carn,

Cigns International, Investment Advisors, 18 Finsbury Circus, EC2.

Exploitation of cheap labour From the Editor, Haldane Society Employment Law Bulletin

Sir, - Samuel Brittan's plea for the abolition of wages councils (May 13) at least recognise that by reducing yet further the wages of the lowest paid to alleged "market clearing" rates, the social security system will have to intervene to top up in-

in other words, the taxpayer will have to pay increased subsidies to compensate for the enhanced exploitation of cheap labour by unscrupulous employers. There are, of course, precedents for this; the Speenhamland grant of the late 19th namland system of the late 18th century, through the rate in aid centry, inrolled the rate in all of wages, allowed farmers to pay sub-poverty-level wages in the knowledge that the rest of the community would be taxed to raise family incomes to poverty levels. The poor were then blamed for having no incentive to work, and so the New Poor Law of 1834 was intro-duced to get rid of the social

In order to clear the way for abolition of wages councils, the Government intends to de-nounce ILO convention No 28. This convention obliges signa-tory states to maintain mini-mum wages in industries having "exceptionally low" wages. We have thus reached a stage, after six years of economic policies of the Government, at which wages accepted by the Govern-"exceptionally low (or else there would be no need to denounce the convention) are considered too high for the nation's economy to bear.

Even if a few thousand new, sub-poverty level jobs were created by abolition (on which I remain sceptical), it will be at an unacceptable cost in terms of social and economic justice. Supply-side measures such as these are the economics, if not of the madhouse, then certainly, of the workhouse. Jeremy Smith.

177 Holland Road, NW10.

Dividend

policy From the Managing Director,

EBS (Management) Sir,—Clive Wolman (May 14) argues that pension funds "dis-tort" a company's dividend policy because they pay no tax and hence are likely, as share-holders, to throw their weight behind a policy of maximum

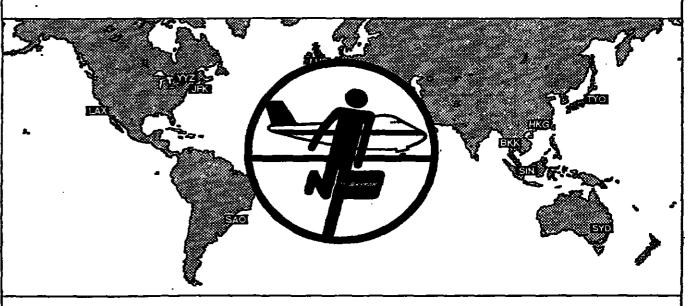
We have been living through

a period of distortion caused by high personal taxation. In the 1970s (before the Government took (before the dovernment took office and private share-holders were often paying marginal rates of 98 per cent on dividend income) there were strong pressures for companies to plough back virtually all their profits in tax deductible capital expenditure in the hope that the resulting increase in net asset value would lead to net asset value would lead to capital gains in the share price, taxable only at 30 per cent. That was surely the distortion because it could easily lead to wasteful retention of capital by sleepy giants as opposed to profits flowing out as dividends to be re-invested in new and potentially more profitable ven-

To argue that the removal of taxation is a distortion is the arguing that the sickly state of a hospital patient is the natural and normal condition and recovery makes him abnormal. In the ideal world public expenditure and taxation should be kept down to a level at which it does not distort busi-ness decisions. To argue that tax exemptions, such as those accorded to pension fund invest-ments, are gifts from Govern-ment (as do some commenta-tors) implies acceptance of a belief that the state gives its citizens everything it does not take from them—a totalitarian and not a democratic axiom. Dryden Gilling-Smith. 38, Finsbury Square, EC2.

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FINANCIAL TIMES

Wednesday May 22 1985



Kleinwort man to head new **Barclays** subsidiary

By Barry Riley in London

BARCLAYS Bank of the UK has recruited Mr Martin Jacomb, a vicechairman of Kleinwort Benson, to become executive chairman of Bar-clays de Zoete Wedd, the integrated securities busines which is being created through the merger of Bar-clays Merchant Bank, stockbrokers de Zoete & Bevan and stockjobbers

He has resigned from Kleinwort Benson, and will join Barclays on July 1. He will also become one of three deputy chairmen of the par-

Mr Jacomb is a key figure in British financial circles because of his influential role on a number of selfregulatory agencies and committees. He was strongly tipped to be-come chairman of the new Securities and Investments Board, but would accept only the deputy chair-

He will now combine this role with that of the chairmanship of one of the two biggest of the new British-owned integrated securities market groupings.

Lord Camoys will continue as chief executive of BZW. He said yesterday: "It is very difficult to look after strategic issues as well as to be responsible for day to day line management. It's asking too much from one person."

He said that he originally select-ed Mr Jacomb last October as his first choice. But the offer was not made until "a few weeks ago."

Mr Jacomb said that all the press coverage of the chairmanship of the Securities and Investments Board had left the way open for the approach. He continued: "It's a very exciting challenge. Of course, I'm sad to leave a firm I've been with for 17 years, where I've got innumerable close friends."

The full management structure of BZW has yet to be decided. Other key figures will include Mr James Titcomb, senior partner of de Zoete, and Mr John Robertson, senior partner of Wedd Durlacher. Mr Robertson is thought likely to take on the responsibility of compliance officer for the new group, ensuring that it adapts smoothly to new regulatory requirements.

Mr Titcomb yesterday emphasised Mr Jacomb's future role in the relationship with the parent, Bar-clays Bank. There will be a need to understand the needs of the bank, to make sure the bank understands our own needs, and to act as a fil-

Mr Jacomb, 55, said it would be a full-time job, but he refused to disclose his new salary.

At Kleinwort Benson the Earl of Limerick, currently also a vicechairman, becomes deputy chairman. Three new vice-chairmen have been appointed. They are Mr Robin Fox, Mr David Peake and Lord Rockley.

Washington doubts about early summit

Continued from Page 1 solidify his control in Moscow before meeting Mr Reagan.
Other Administration officials

have said that Mr Gorbachev will want to tackle pressing domestic issues before foreign affairs.

At the same time, the overall climate of superpower relations has chilled noticeably in recent weeks, not least as a result of the shooting of a U.S. Army major by a Soviet sentry in East Germany at the end

The Geneva arms talks have got off to a bad start, with Moscow accusing Washington of reneging on a nitment to negotiate on Mr Reagan's star wars space defence initiative, and the VE day celebrations earlier this month were marked by hostile exchanges.

Mr Larry Speakes, the White House spokesman, yesterday said that both sides still wanted a sum-

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World Weather

Aerospace groups link to develop prop-fan engines

nies are linking with European ship's screw. companies to pursue the development of the revolutionary new McDonnell Douglas, one of the

ers, has signed an agreement with Agritalia, a subsidiary of Italy's on prop-fan technology. neral Electric, one of the

world's biggest aero-engine manument, is to undertake similar studes with Snecma, the French state GE and Snecma already collabo-

Prop-fan is the name being given

The difference lies in the type of

ropellers used. Instead of conventional three or four-bladed propellers, in prop-fans the propeller is 12-

The result is claimed to be a big reduction in fuel consumption prop ian engines for future genera- some claims put it as high as 50 per cent - together with cuts in noise and vibration, while offering speeds world's biggest builders of jet airlin- close to those of conventional jet

All the leading airliner manufacturers have been studying prop fan technology, with Boeing and McDonnell Douglas more interested at present than Airbus, which is concentrating on conventional jet engines for its new A-320 for service

rate extensively through the property on the development of the CFM-56 series ning flight test programmes on property to the validity of the

to a radical new development in tur-bo-propeller technology, which in-volves harnessing propellers to gas-pany will work with Snecma. So far, Rolls-Royce is conducting its own research into prop-fan technology, without foreign participa-

TWO leading U.S. aerospace compa- bladed, and shaped more like a with other European engine companies - including, for example, MTU of West Germany, with whom it works on the RB-199 jet engine for the Tornado fighter - and the possibility of it linking with another company cannot be overlooked.

McDonnell Douglas said yester-day that its pact with Aeritalia ex-tends nearly 20 years of co-opera-tion with the Italian group on aero-space ventures. Aeritalia has already committed a group of special-ised technicians to the venture, working with McDonnell Douglas

McDonnell Douglas last month appointed Mr Walter J. Orlowski as dollar "readiness analysis and test-ing programme," leading to the design and development of a prop-fan constrator aircraft. ..

The GE-Snecma accord could be formally announced at the Paris Air Show which starts at the end of the month. It would confirm strong links beween the two compani which have already been forged with joint development of the CFM-56 engine for civil and military air-

SEC drops plans for controls on hostile takeover tactics

BY PAUL TAYLOR IN NEW YORK

THE U.S. Securities and Exchange iederal legislative curbs over corporate takeover tactics.

nously not to resubmit to Congress ear which would have placed restrictions on a number of corporate

The SEC voted to resubmit only Commission (SEC) has abandoned one of its original proposals - a new plan to seek wide-ranging new rule which would require investors who acquire a 5 per cent stake in a company to declare their holdings immediately and stop buying additional shares until two days after a package of proposals made last they file a 13-D disclosure statent with the SEC

Under current rules, an investor defensive strategies including has 10 days to disclose the acquisi"greenmail" payments, managetion of a 5 per cent stake – a period which is often used to acquire addipill" defences and stock repurchase

the inflexibility of the proposed legislation and a growing mood that state courts and the market place against tender – offer abuses.

The decision was taken after the four sitting SEC commissioners

Caparo may sue over Fidelity

BY CHARLES BATCHELOR IN LONDON

Swraj Paul, may take legal action the UK television and cordless tele phone company, last October, in respect of alleged overstatement of profits and stock values.

Caparo, which paid £14.1m (\$17.9m) cash for Fidelity, one of the last remaining UK manufacturucts, has written off £7.9m after reviewing of Fidelity's finances.

"We believe that the Fidelity profits for the year ended March 1984 vere overstated by at least £1.7m," Mr Paul said in his annual report. This would have changed the pubished results for that period from a profit of £1.3m to a loss of £400,000. "A very different valuation would have been put on the business by

CAPARO Industries, the British en- an acquiring company if these facts Caparo has made major manage ticipated that legal proceedings

> Caparo is to make a £10.25m rights issue of new 8 per cent convertible cumulative redeemable £1 preference shares at par to strengthen its balance sheet, partly needed as a result of the Fidelity

> > Despite the problems at Fidelity, Caparo increased its pre-tax profits by 43 per cent from £1.93m to £2.76m in the year ended December 1984 on turnover which rose 32 per cent from £82m to £108m. It proposes increasing its total dividend from 1.5p to 1.65p per share.

gineering group headed by Mr had been known. We are currently ment changes at Fidelity and has Swraj Paul, may take legal action taking professional advice on the lefollowing its takeover of Fidelity, gal remedies open to us and it is an and finance directors. The alleged discrepancies at Fidelity have delayed Caparo's plans for expanding its electronic business by a 12 to 18 months but Caparo remains committed to its plan to move into areas of higher technology, Mr Paul said,

> Caparo has been strengthening Fidelity's research and design efforts. It claims to be the only UK maker of cordiess telephones – all other companies import theirs and put on their own labels - and is launching a new office telephone with a cordless handset. Caparo's shares fell 1p yesterday

Caparo plans £10m rights issue,

Swedish banks cut rates again

Continued from Page 1

Mr Dennis repeated yesterday that the banks initial increases were "a brutal action, an unexpect-

The banks retreated once last week but felt forced to make anresterday, fearing that the central bank might otherwise reimpose interest-rate regulation, a move al-ready heralded by the Finance Ministry (private overdrafts now carry an interest rate of around 17 per

the central bank had used any ele-ment of blackmail against the commercial banks. He said interest-rate regulation had been abolished bebad system, old-fashioned and inef-

the Government, particularly the continued until yesterday to criti-cise the banks, while Mr Dennis said the central bank had no intention of using verbal commentaries as a sort of surrogate regulation. "That would be reintroducing regu-

Mr Curt Olsson, chairman of Skandinaviska Enskilda Banken, Sweden's biggest commercial bank, admitted yesterday that the banks "might have overlooked the political reaction" with their initial in-

lation through the back door," he

There is clearly tension between • In a new set of economic forethe central bank and elements in casts S-E Banken said yesterday it expected growth in the Swedish economy to slow to only 0.9 per cent forecast a month ago was an increase of 2.5 per ceut - with a fall in gross national product of 1 per cent

> It paints a picture of falling Swedish shares of foreign markets as a failure to control inflation and lahour costs erodes manufacturing industry's competitiveness.

It forecasts a substantial deterioration in the current account of the balance of payments, as exports stagnate and imports continue to creases. Fear of a return to regulaincrease significantly. Inflation is expected to remain at least double tion had prompted the cuts, which would be "very detrimental for the banks' profitability." the official government target of 3

Defeat for Pickens

Continued from Page 1

tional debt the company has incurred in defeating the takeover.

The indicated price of Unocal stock had fallen to \$34 a share on Monday during the negotiations, around the price most analysts consider it to be worth after the deal, giving the Pickens group a potential deficit on this part of the agreement its best efforts to distribute part of

ed to fall as a reflection of the addi- trolling the sale of his stock over a that the sale arrangements will put a stranglehold on Mr Pickens's future takeover activity by ture takeover activity by tying up a large part of his financing in Unocal for a considerable period.

In an additional element of the deal. Unocal said that it would use its planned limited partnerships to shareholders. The company is annually in rencies, although the rise of the dolcepted a standstill agreement that will prevent him from buying Unabout 45 per cent of Unocal's oil and
the standstill agreement that will prevent him from buying Unabout 45 per cent of Unocal's oil and
the standstill agreement that against trimmed it to \$1.272 against trimmed it to \$1.273 against trimmed it shareholders. The company is aim-

confirms orders to **UK** parts suppliers By John Griffiths in London

LUCAS Industries and Triplex, the Pilkington group's automotive glass subsidiary, are among more than a dozen UK motor industry suppliers whose components are expected to be fitted as original equipment to Nissan cars being assembled in the UK from August 1986. Nissan Motor Manufacturing, the

Japanese company's UK subsidiary set up to assemble initially 24,000 cars a year on a 800-acre greenfield site at Washington in the north east of England has been carrying out fi-

placed during last year.

Mr Ian Gibson, Nissan's purchasing director, rejected reports that Nissan had been "appsiled" at the standard of UK components suppli-ed during the feasibility assess-ment of the UK plant, and said he could see no reason why Nissan should seek a large influx of Japanese components suppliers to the UK, as has been suggested in the

Lucas rejected "the cynical view that the Japanese would set higher quality standards than they knew the UK industry could fulfil, so that they could justify bringing in their own producers."

However, Lucas acknowledge

that Nissan had set higher quality standards than those to which the European industry was accus-

"They are using higher quality components throughout their cars han we are used to. It is a challenge to suppliers like us to meet those standards. But any sugges tion that they are beyond our capa bilities we strongly reject." Triplex said yesterday, it had been confirmed that it would be the

sole supply source for the cars glass, while Lucas is to supply alter ators. Lucas is also understood to be a potential supplier of other electrical equipment for the car, the sor to the Stanza. Mr Gibson said other supply con

tracts for the start-up of production included instrument panel mould-ings, bumpers, exhausts, seating, starter motors, audio equipment, eathelts and body and trim mould-

Plastic (dashboards), Britar (mirrors), Kay Metzeler, BTR and Schlegel for a variety of body com-

yet to be finalised - further durability and other testing is involved -Mr Gibson said "we did not under take the sample orders lightly; there are heavy tooling costs in-

Baker warns of lagging U.S. growth

Continued from Page 1 tional product was attributable to inventory investment, a worrying sign to economists who fear further cuts in output as companies try to

In the wake of the cut in the Fed's discount rate on Friday, a move whose timing caught Wall Street by surprise, there is considerable uncertainty about how the Fed will respond to the darkening economi outlook. Some economists are arguing that the discount-rate reduction from 8 per cent to 7½ per cent should be seen as the first step in a progressive easing of monetary policy as the Fed seeks to revive a U.S. economy which grew by 6.8 per cent last year. Others suggest that the Fed will now wait and see what effect an easier monetary policy will

Mr Anthony Boeckh, editor of the Bank Credit Analyst, maintain that the Fed is caught in a dilemma be cause although an easier monetary policy can stimulate demand, i need not necessarily stimulate domestic output. With the dollar still strong on the foreign exchanges monetary stimulation might simply spur increased imports and a high er trade and current account deficit Max Wilkinson adds from Lon-

don: News of the more pessimistic estimate of U.S. growth could not prevent the dollar from rising in Europe, where it recovered most of The dollar reached a peak of DM 3.093 in London, after having fallen almost to DM 3 early on Monday.

Later in the day, it eased some

what, closing in London at DM Sterling, meanwhile, remained relatively firm, rising slightly THE LEX COLUMN

Profits cost more at Sainsbury's

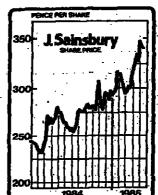
bury has turned in some high quality earnings for 1984-85; pre-tax profits are up by over 20 per cent to £156.4m. Its shares, unfortunately are not as cheap - or quite as fresh as its groceries. Down 2p to 342p yesterday, they are trading on a prospective multiple of 20. The question, however, is not whether Sainsbury is better than its compe-titors — it undoubtedly is — but whether it is better enough. The assumption that Sainsbury

nust eventually trip over its shoe aces has so far been a frequent, but expensive mistake. Even over the last six months Sainsbury shares have outperformed Asda and Tesco. say that Sainsbury cannot squeeze any more savings out of costs, yet margins have grown from under 3 per cent in 1978 to over 5 per cent now. Profits growth is undoubtedly slowing, though, along with infla-tion and the economy. Last year's 20 per cent rise compares with 30 per cent the year before and probably 15 per cent in 1985-86. But it would be churlish to complain while the risk factor is so low and while the company is opening around 15 new Sainsbury stores and nine new Homebases a year.

Meanwhile, the new larger stores are more cost effective and new chnology will make the stock turn faster. Even the older stores saw a volume gain of about 2½ per cent ast year and once they are refurbished, there should be room for more. With a contribution from Homebase this year, but a swing from interest receivable to payable, Sainsbury looks set to make over £180m. The share price leaves no room for mistakes, but then mistakes are not Sainsbury's

Ansbacher

Only a new management with a long pocket behind it could possibly afford to sweep so clean a swathe as the recently arrived management has done at Ansbacher. According to the new dispensation, Ansbacher has lately been operating with negative net worth - excluding goodwill - of about £5m and should probably not have paid the interim dividend in December. The rights prospectus alleges over-ambitious acquisitive expansion, combitious acquisitive expansion acquisitive exp pounded by lack of cost controls cent increase in interim profits, and merit.



and reporting systems in the busi-nesses Ansbacher had bought. Making all allowance for the er's tendency to throw in the kitchen sink, it is pretty good work for a bank the size of Ansbacher to have got through all its equity in a year, without even the se of a large Latin American loan portfolio. Indeed, the remarkable thing is that money was lost even in an apparently successful mergers and acquisitions office in New York

Clearly, only part of the damage can be repaired by reducing the number and scale of Ansbacher's number and scale or management activities. Even the good parts which sustained their profits throughout may not figure to best advantage in their present context The provision of new equity is necessary, though not on its own sufficient, to restore Ansbacher's position in its markets. It is an act of

Yesterday morning's thunder-

storm in London was a timely reminder to the directors of RHM, as they sat fixing the interim dividend, of how far the group depends on decent weather during this year's har-vest. A good supply of high-quality milling flour kept prices down in the six months to March, and permitted the 2p bread price increase almost to cover higher wage costs: Whether it can fetch the historic but RHM will only meet its goal of multiple of nearly 20 implied by selling bread for more than it costs talk of selling just under helf the

proved pupil in the sector. Having out its balance sheet in order; it could now flood the Home Counties with Mexican fast food; wisely, RHM has elected first to try to turn its baking division into more than a-captive manufacturing operation which protects good milling mar-gins, Spreading the same load over 29 instead of 60 bakeries should further close what was once a yawning gap with AB Foods; for nothing less than full capacity at the modern-ised bakeries will do if RHM is in make loaves for the 30p or so at which they are discounted in super-markets. Even so, AB Foods willstill call the pricing shots and re-gional results will always be

RHM once yielded twice the market average; and it is a measure of its recovery that it now runs with the pack. But on profits for the year of £65m, RHM stands at a small premium multiple to AB Foods. This would not be justified if AB Foods also charged its closure costs below the line or enjoyed the specalative support of a Berisford share-

Abbey Life The disappearance of Hambr

Life into the financial services divi-sion of BAT made a flotation of Abbey Life all the more likely to go down well with institutions, what better than to plug the portfolio-gap with another of Mr Weinberg's linked-life creations. As it happe the decision by ITT to pull some cash out of its Abbey subsidiary is not only a natural response to the high price fetched by Hambro Life, but is timed to exploit the best of an exceptionally good run for the life Following a third artificial boost

from the fiscal system in as many

years - the switch to Miras mortgages, the aboltion of premium re-lief and now the proposal to abolish the state earnings related pension scheme—the life companies must be set for a corresponding hulge in their actuarial surplus. Abbey Life's debut in early June should thus catch the peak of sectoral fashion.

With some banks it's the wrong ball game.



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explains our reputation as the most progressive of all Kuwaiti banks. We were, for example, the first bank in Knwait to establish a direct link to the Reuters money dealing system in London (now we're among the world's

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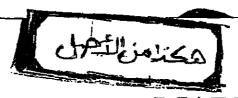
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SECTION II - COMPANIES & CAPITAL MARKETS

FINANCIAL TIMES

Wednesday May 22 1985



LONDON **BRIGHTON** 01-236 2736 0273-29711

Banking Services

Setback for Penney as U.S. retailers' profits surge ahead

results were reported yesterday by a chitch of leading U.S. retailing groups, with increases in sales and earnings running well ahead of exceptions of the group, which has been working to increase emphasis on higher-margin fashion merchandise, rose to \$835.3m from \$819m. pectations in most cases.

The exception was J. C. Penney, the country's third largest general retailer, which suffered a 27.5 per cent drop in net earnings to \$50m. or 67 cents a share, from \$69m, or 92 cents, on sales that were virtual—earnings rose 17 per cent to \$17.2m

chairman, said the group's gross margin had declined as a percentage of sales. Markdown and promotional activities had been at a high level in order to run down inventories, though these were now in line with current sales estimates.

- Faz

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BROADLY favourable first-quarter cents against 26 cents a share.

dise, rose to \$935.9m from \$819m. Allied Stores, whose 585 department and specialised stores include such well-known names as Bonwit Teller, Brooks Brothers and Gar-finckels, saw sales increase 4.6 per cent to \$860.3m from \$841m. Net ly flat, rising only to \$2.8bn from for the quarter against \$14.7m a the \$2.75bn a year earlier.

Mr William Howell, Penney's share against 70 cents.

Dayton Hudson, with department stores in 47 out of the 50 states, reported an 18 per cent increase in net earnings to \$33.5m, or 34 cents a share, from \$28.4m, or 29 cents a year earlier. Sales rose to \$1.82bn from 51.62bn.

Associated Dry Goods, which May Department Stores saw a runs 12 chains of department stores comparable 22 per cent increase in including Lord & Taylor and Gold- first-quarter net profit to \$33.5m waters, showed by contrast a rise of from \$27.5m, or 78 cents a share 85 per cent in first-quarter net income, to \$9.3m from \$5m, or 47 cent to \$1.09bn from \$959m.

Deere back in surplus for second quarter

Net earnings in the second quarter ended April 30 were \$34.8m, or include benefits from the planned 52 cents a share, against \$39.3m, or

current year, the Moline, Illinoisbased group managed net profits of \$6.6m, or 10 cents a share, down mand in the current year :

BY MAGGIE URRY IN LONDON

morrow, faces its toughest chal-

lenge since it was founded in 1969.

As representatives of the 707

members gather in the Finnish cap-

ital, they are faced with proposals

for reforms to the AIBD's structure

that will make it better able to

adapt to the fast-moving changes in

BY OUR EUROMARKETS STAFF THE EURODOLLAR bond market

reacted yesterday after the strong

rise of recent days. But syndicate

managers were still able to launch

new deals with Dai-Ichi Kangyo In-

ternational making its debut as a

book-runner with a \$150m deal for

its parent's Hong Kong subsidiary.

. The issue has a five year life and

pays a 10% per cent coupon. Issue

price was set at 100%, and the pro-

ceeds will be swapped into floating-

rate funds. Five co-leads were

brought into the deal, which was

trading yesterday within its 1% per

Morgan Guaranty won the man-

which also has a five-year life. It as co-lead.

already two new associations have tory body.

the Eurobond market.

DEERE & Company, the world's from \$41.3m, or 61 cents, in the ent manufac- corresponding period a year earlier. Sales fell from \$2.1bn to \$1.9bn in

reduction of inventories valued on a 58 cents, a year earlier. The latest Lifo basis of \$8.1m, or 12 cents a quarter includes an \$11.1m after share, against \$8.2m, or 12 cents, a tax provision for reductions in salvear earlier, and \$17.1m, or 25 cents a share, in the first half, compared

Analysts believe the weak farm economy may continue to limit de-

secondary market-makers. These

bodies - the International Primary

Market Association and the Second

Market-Makers Association - are

both working on recommendations

to their members over conduct of

While the two groupings are com-

plementary to the AIBD, it is clear

that many AIBD members do not

can effectively act as a self-regula-

BHF Bank bond average

1985

and 99% issue. The bonds carry

warrants to buy further bonds with

the same terms, and these expire in

In the Eurosterling market Impe-

rial Chemical Industries launched a

£75m issue which has a further £50m for sale as a tap. The book-

runner on the issue is S. G. War-

With a coupon of 11% per cent

December this year.

Leucadia steps up assault on Intergroup

LEUCADIA NATIONAL, the New York-based financial services concern which made an unsuccessful bid last year for Avco, is stepping ment of National Intergroup, the Pittsburgh-based steelmaker. Leucadia said it would nominate

four members of its own board for election to the steel company's board at the Intergroup annual meeting on June 5. If successful the nominees will seek to have National Intergroup's board adopt a four-part recapitalisation programme to maximise shareholder value."

On Monday National Intergroup said its board rejected the recapital isation plan, which at that stage in-cluded a request for the election of two Leucadia officers to National's board. The recapitalisation plan inchides direct ownership by National Intergroup shareholders of shares in First Nationwide Financial, a savings and loan company owned by National Intergroup; receipt by shareholders of \$4 in cash and \$4 in newly issued notes; direct participation by shareholders in promissory notes issued by Weirton Steel

Seiko earnings ahead 11.5%

By Carla Rapoport in Tokyo

HATTORI SEIKO, the world's larg-

According to the unconsolidated figures released yesterday, Seiko's sales inched ahead by 3.2 per cent

composition of the board. In the

past the board has only been able to

make recommendations for rule

changes to the general meeting.

Now the board wants to have the

power to make and amend rules,

which would considerably speed up

There are also proposals to re-

form the election and the composi-

tion of the board. The whole board

is up for re-election this year, but,

a discount of around 1% points.

Long Term Credit Bank of Japan

made a direct issue of bonds from

Japan in the EuroCanadian dollar

market. The CS70m issue is led by

LTCB International and has a nine-

year life. The coupon was set at 11%

per cent and issue price at 100%. Fees total 2 per cent, and with sales

to Japanese investors expected to

be good, the issue was quoted with-

In the Swiss franc foreign bond

Also in Swiss francs, SBC led a

seven-year private placement for

the State Electricity Commission of

Victoria. The amount is SwFr 47m

market Crédit Suisse launched the

ko's operating profits as a percent-age of sales.

AIBD to discuss major reforms

THE Association of International been founded to represent the inter-Bond Dealers (AIBD), whose annuests of two groups of AIBD mem- AIBD cover both the powers and re-elected each year. Candidates

Euromarket debut for Dai-Ichi Kangyo

Low 99,640

U.S. MOVES TO REGULATE INTERNATIONAL SECURITIES TRADE

SEC faces the foreign menace

Commission is concerned that the increasing internationalisation of the securities market may undermine its ability to regulate trading. and that as yet there is no central forum to promote co-ordination as global markets continue to develop.

Accordingly the SEC has published a discussion paper on the subject, with a request for com-ments from interested parties.

The commission's stated objective is to consider ways of attaining dures in different countries. "the fairest and most efficient global markets possible." The background is that there has

been a rapid growth in cross-border financing and securities ownership both within and outside the U.S. This has been true for some years in the bond markets but has recently also become significant in equi-

Thus U.S. issuers raised \$6.8bn

the U.S. domestic bond market have been running at several billion

are now estimated to hold more than \$10bn worth of foreign stocks ompared with 5%hn in the 1970s. specific problem areas.

Meanwhile the number of foreign For U.S. securities, the developcompared with \$%bn in the 1970s.

present system.

would be nominated by a commit-

tee rather than putting themselves

forward. The board would also have

and functional parts of the whole

For the reforms to move to the

next stage - an extraordinary meet-

ing in the autumn to approve de-

tailed plans - the proposals must be

agreed by what the AIBD calls an

"extremely positive" vote. If they

fail to win such support it is unclear

fixed at a 5% per cent coupon, test-

ing a lower level, but with a 99% is-

Trading in the Swiss franc for-eign bond market was fairly sub-dued though the tone was firmer

Similarly D-Mark foreign bonds

were slightly better, although here too trading was thin ahead of the

bond dealers' conference in Helsin-

and some prices were higher.

U.S. markets is now approaching transactions were not captured by 400. And on the other side of the the consolidated reporting system coin, some 200 U.S. companies list-It complains that information on in- ed on the New York Stock Ex- the price and size of bargains. ternational dealing is inadequate, change are also listed on the Lon- • Even for stock exchanges, redon Stock Exchange and in Paris.

London and New York, and the SEC formation in respect of business has already issued a parallel discussion document on the potential for over-the-counter market. harmonising securities issue proce-

In the new document, however, it is focusing on the international secondary markets on which securities are traded. In its ultimate form these comprise telephone markets in which broker-dealers can trade continuously on a 24-hour basis by passing their trading positions on to traders located in branch offices in later time zones.

But the SEC document observes: on the Eurobond market in the first "In many respects the dimensions half of 1984, while foreign issues on of this increased international trading remain unclear.

As a result, industry participants, dollars annually. securities markets and regulatory
As for equities, U.S. institutions bodies find it difficult to prepare for securities markets and regulatory future developments in this area." The SEC refers to a number of

THE U.S. Securities and Exchange stocks traded in the form of ADRs ment of international trading might tributing securities may be under-(American Depositary Receipts) on mean that an increasing number of which requires U.S. firms to report

porting requirements vary. For ex-Last year both Reuters and Brit-ish Telecom were floated by way of multi-centre offerings, including Stock Exchange. There is little in-

> available in the international markets for debt may not be sufficient to ensure efficient pricing. Simultaneous trading in different markets may lead to pricing dis-

> parities, especially if the same securities are traded in different curren- Links between U.S. and foreign clearing agencies may create prob-lems because the U.S. unit might be exposed to regulatory requirements and financial risks quite different

from those encountered in normal domestic operations. There are barriers to the participation of foreign firms in many na-tional securities markets, including

those of Canada, Switzerland, the UK and Japan.

mined by the activities of those firms' foreign subsidiaries, or by non-U.S. distribution participants. Trading halts imposed by the SEC or by an individual U.S. stock exchange might be rendered inef-fective if transactions were allowed to proceed unhindered overseas. Enforcement of U.S. securities laws is already regularly impeded by the ability of transgressors to conduct their dealings through banks or securities firms located in

leads inconclusively to a Swiss Accordingly the SEC wants to now how international surveillance mechanisms could be developed, and how nations and securities markets might co-operate to assist enforcement of fraudulent or illegal transactions of an interna-

countries with secrecy or blocking

laws. Many an SEC investigation

tional character. "In particular," the SEC asks. "would it be practicable to reach bilateral or multinational agreements on securities law enforcement, possibly through the aegis of a co-ordinating body of national regulatory entities?"

Respondents are asked to file three copies of their comments with John Wheeler, Secretary, SEC, Washington DC, by June 30.

Firestone up sharply despite sales slip

By Paul Taylor in New York

FIRESTONE Tire and Rubber, the second largest U.S. tyremaker, yesterday posted fiscal second-quarter earnings from continuing opera-tions of \$19m, or 45 cents a share, compared with \$11m, or 22 cents a share, in the year-ago period on sales which slipped to \$936m from

Net income, including extraordinary credits increased to \$20m. or 48 cents a share, in the quarter ending April 30 from \$16m, or 33 cents, in the year-ago period when net earnings were boosted by \$5m, or 11 cents, from discontinued opera-

Firestone said the increase in quarterly income from continuing operations, which compares with earnings of \$17m, or 39 cents, in the fiscal first quarter, reflected improved results in the group's U.S. retail and diversified products operations and \$4m of non-recurring in-

Sing Tao calls for suspension

By David Dodwell in Hong Kong

THE BOARD of Sing Tao Newspapers, the Hong Kong group con-trolled by Miss Sally Aw Sian, yesterday called for a suspension in trading of the company's shares without providing any reason for

At the same time, it was learned that Miss Aw was in Sydney. Australia, where her once privately owned property group Cereus was planning a "major announcement" today. In November last year, Cer-eus mounted an A\$2.7m (\$1.88m) bid for Smith and Miles, a Sydney-

BY OUR FINANCIAL STAFF

biggest farm equipment manufac-turer, has bounced back into the black in the second quarter after the first six months, and from losses of \$28.2m in the first three \$1.2bn to \$1.1bn in the second quarmonths of its fiscal year.

For the first six months of the with \$13.6m, or 20 cents.

INTERNATIONAL CAPITAL MARKETS

al conference begins in Helsinki to- bers - the primary market and the

However, many delegates feel feel that the umbrella organisation that reform has come too late, and can effectively act as a self-regula-

est watch manufacturer, posted an 11.5 per cent increase in pre-tax profits to Y7.9bn (\$31.6m) for the vear ended March.

Keen competition in the world watch industry helped to slim Sei-

BY TERRY DODSWORTH IN NEW YORK THE FEDERAL Reserve Bank of

This is the first step towards escomply with certain capital stan- tion of unregulated dealers. tablishing some control over the dards in their securities dealing.

growing market for U.S. government paper after a series of failures that highlighted weaknesses in the phasising that a voluntary system that the phasising that a voluntary system available to absorb losses. At the

The new proposals do not go as flexibility. The document, a slightly for estimating the possible risk fac-New York has issued voluntary far as many critics of the present revised version of proposals pub-guidelines on capital adequacy for system would like. In recent heardealers in U.S. government securi- ings some Congressmen have sug- ary, does not call for submission of ties who are not supervised by the gested that there should be some reports to any government entity, formal obligation for dealers to and does not require the examina-

Instead, it calls for dealers to limhas considerable merits in terms of same time, it establishes formulae

ing dealers in a significantly adverse market and recommends that their liquid capital should always exceed "measured risk" by 20 In the past three months the mar

ket has been shaken by the failure of two unregulated dealers - ESM Government Securities and Bevill

All of these Securities have been offered outside the United States



Guidelines issued for securities dealers

New Issue/May, 1985

U.S. \$150,000,000

New South Wales Treasury Corporation

(A statutory corporation constituted by the Treasury Corporation Act, 1983, of New South Wales)

113/4% Guaranteed Bonds due 1990

Payment of principal and interest unconditionally guaranteed by

The Crown in Right of New South Wales

Salomon Brothers International Limited

Morgan Stanley International

Banque Bruxelles Lambert S.A.

The European Community is ex-

pected to announce a private place ment of European Currency Unit

raise Ecu 50m and will be the first Ecu bond in Japan The rumoured appointment of Mr Stanislas Yassukovich as head

of Merrill Lynch's European and Middle Eastern operations has

longest fixed-rate issue yet seen - a 20-year SwFr 100m deal with an inbonds on the Japanese domestic dicated yield of 8% per cent - for the bond market through a private placement. The deal is likely to Asian Development Bank. A further tranche for SwFr 50m will pay a floating rate at % per cent above six-month London interbank offered rate for Swiss francs and has

International bond service.

Bank of Tokyo leads \$2bn deal for China

date for a \$75m issue for ITT Credit, burg, with J. Henry Schroder Wagg

was priced to give an all-in cost to With a coupon of 11% per cent the borrower of 42 basis points over and par issue price ICI's cost of bor-

use corrower of 22 basis points over and par issue price ICI's cost of bor-U.S. Treasury bonds and has a 10% rowing, taking in the 2% per cent per cent compon with a 101 issue price. Fees are 1% per cent. The low the yield on gilt-edged bonds. The ICI issue finally matures on and was trading just inside its fees.

In the U.S. demostic bond market

In the U.S. domestic bond market coupon will be paid after 15 months.

eden with a 30-year stalments. Traders regarded the

Merrill Lynch priced a \$300m yank- Redemption will be in two equal in-

maturity at a 11% per cent coupon terms as tight but acceptable, and

BY OUR FINANCIAL STAFF

for use in energy, transport and down other modernisation projects under the Chinese seventh economic plan Tokyo for the fresh credit may in-

THE BANK of China has signed an margin secured by China in 1979 for agreement with Bank of Tokyo, one a 4½ year credit extended by Japa of Japan's commercial banks, for a nese banks, which expires next \$2bn syndicated credit earmarked month and has not been drawn

which begins next year.

Terms for the 16-year facility are commercial or city banks as well as the Long-Term Credit Bank of Jatzenn & and Marie Long-Term & tween % and % point over London pan and some regional institutions. Syndication is expected to be in interbank offered rate (Libor). Syndication is ex These are finer than the ½ point place by early July.

French utility raises facility to \$750m

the bonds traded within the fees at 'used in a swap. The terms were

sue price.

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

THE LOAN facility being raised by even larger increase but received Electricité de France in the Euro- authorisation from the French markets was yesterday increased to Treasury for only \$750m. \$750m from an original \$400m fol-

lead manager. An increase in the deal had been mercial paper or short-term bank expected since the end of last week loans. It is backed up by a 10-year when syndication closed with sub- backstop credit carrying a margin scriptions totalling \$900m. EdF is of 8 basis points plus a utilisation understood to have considered an fee of up to 17% points.

The facility, which carries an anlowing heavy oversubscription, So- nual fee of 6% basis points, allows ciété Générale said yesterday as EdF to raise money through the

Deutsche Bank Aktiengesellschaft Nomura International Limited

Union Bank of Switzerland (Securities) Limited

State Bank of New South Wales **Credit Suisse First Boston Limited**

> **IBJ** International Limited **Orion Royal Bank Limited** S. G. Warburg & Co. Ltd.

> > **Banque Paribas Capital Markets**

PK Christiania Bank (UK) Limited

County Bank

Merrill Lynch Capital Markets

Yamaichi International (Europe) Limited

emene Bank Nederland N.V. Banca del Gottardo BankAmerica Capital Markets Group Bank Gutzwiller, Kurz, Bungener (Overseas) Banque Générale du Luxembourg S.A.

Banque Internationale à Luxembourg S.A. Baverische Landesbank Girozentrale Citicorp Capital Markets Group

Enskilda Securities

Manufacturers Hanover Sal. Oppenheim jr. & Cie.

L. F. Rothschild, Unterberg, Towbin

Wood Gundy Inc.





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SARAKREEK HOLDING N.V. Herengracht 585, Amsterdam
Dividend for the year 1984 At the Assess General Meeting of
shareholders, bold on 21st May, 1965, the dividend for the year ended 11st December, 1984 was served at £5.45 perchara in cash
tequivalent to USE 06 per share) plus I new share for every 28 shares sharely hald paid
out of share premium. As from 3 of May, 1965, holders of he area charac chall be statisfied in

e their dividend upon presentation of sumbers 10 and 11 at any of the try paying offices. sertiam. Rotterdam Bank R.V., engracht 557, Amsterdam.

The cash dividend will be payable against

mated through mother black or broker, the reverse side must display a company stamp The Blanagueaux Sea Amsterdam, Eard May, 1985

Australia and New Zealand **Banking Group Limited**

Half-yearly Profit and Dividend Announcement

The directors of Australia and New Zealand Banking Group Limited today announced an unaudited, consolidated operating profit after tax, of AUD 140, 143,000 for the half year ended 31st March. 1985. This is an increase of AUD4,179,000 or 3.1 per

cent, on the previous corresponding half wear figure of

AUD135.964.000.

after tax profit for the half year was AUD145,676,000 compared with AUD107,545,000 for the 1984 half year. The contributions to consolidated operating profit by each of the major companies were:

	1985	1984	Movement	
Australia and New Zealand Banking Group Limited	\$A'000 56,335	\$A'000 63,483	\$A'000 -7,148	% -11.3
Australia and New Zealand Savings Bank Limited	19,540	16,539	+3.001	+18.1
ANZ Banking Group (New Zealand) Limited*	16,063	15,121	+ 942	+ 6.2
Grindlays Bank Group*	8,553	_	_	
Esanda FCA Group	26,722	26,996	- 274	— 1.0
Development Finance Corporation Limited*	7,354	10,399#	-3,045	-29.3

 Consolidated profit excluding minority interests. # Includes 9 months profit to 31/3/84 compared with 6 months profit to 31/3/85.

The directors stated that the global ANZ trading bank profit is AUD7.1m lower due to an AUD11.1m downtum in Australia, offset to some extent by a AUD3.9m increase flowing from overseas operations.

The decline in the Australian trading bank operations from the peak performance in 1984 was the result of: - a strategic transfer of sizeable resources to our offshore operations including Grindleys;

- a reduction in interest margins;

- higher operating costs:

- investment in both global and Australian information processing systems plus associated infrastructure costs.

The major individual factor was the effect of investing approximately AUD450m in the Group's Grindlays Bank subsidiary covering acquisition plus an additional shareholder fund injection. This, plus some further investment in ANZ's offshore operations, has been undertaken to position the Group better to face the quantum leap in competition from large global foreign banks about to enter the Australian market. Directors are confident that the measure taken will bring shareholders fitting rewards in the medium and longer term. The Chairman in his address at the Annual General Meeting on 21/1/85 said: "In 1985 there is clearly a need to consolidate, digest, and bring to fruition the many initiatives that we have taken. In some cases, more than a year will be needed to realise their full potential.

The Australian Savings Bank result reflects a higher level of lending assets compared with the previous corresponding period.

The New Zealand Group again recorded a good profit

result, the trading bank being the principal contributor. On conversion to Australian dollars the profit has been adversely affected by a further devaluation in the NZ

Grindlays Bank Group in its first six months with the Group (acquired September 1984) has contributed an

Debentures - totals only

Unsecured Notes -totals only

MARKETOKE PROBLEM OF THE PROPERTY.

operating profit after tax of GBP4.841,000 (equivalent AUD8,553,000). The result from Grindlays Bank is well below what ANZ believes is capable of achievement over the next few years.

The Development Finance Corporation group has continued to perform at the satisfactory level which it achieved in 1984. The DFC group's 1984 contribution was for the 9 month period from 1st July 1983.

The Australian finance company operations continue to be affected by the reduced interest margins being experienced in the finance industry. This was offset by growth in asset lending base and improved bad debts

The director's stated that a number of factors make it difficult to predict profit performance in the second half of the year with confidence. This includes the impact of currency movements on of shore business and the pace et which returns start to flow from the integration of Grindlays Bank into ANZ's global structure. Present indications are that short term benefits will be quite modest, and that returns on this segment of the business will be below recent Group performance. Accordingly, profits for the full year are likely to show little growth over 1983/84.

An interim dividend of 15 cents per share (1984-15 cents) on capital increased by the 1 for 10 bonus issue in 1985 (30,492,443 shares), has been declared. The dividend is payable on 1st July, 1985 to

shareholders registered in the books of the company at the close of business on 7th June, 1985 and transfers must be lodged before 5.00p.m. on that day (7th June) to Dividends payable to shareholders on the London and

Wellington registers will be converted to local currency at the appropriate rate for telegraphic transfers on 7th

Details of the consolidated result for the half year to 31st March, 1985 are as follows: -

2,007,143

Half-Year

21/2/0

Percentage

	_	to 31/		31/3/8-1 \$A'000	Moveme %	nt
Consolidated operating profit before taxation	-	-	,802	255,215	+ 14.3	
Less: Income tax expense		145.	,851	112,153	+ 30.0)
Consolidated operating profit after taxation Less: Minority interest of outside shareholders		,	951 ene	143,062	+ 2.0	
in subsidiary companies Consolidated operating profit attributable to		,د	,808	7,098	18.2	-
members of the Company. Extraordinary items (net)		140,	,143	135,964	+ 3.1	L
Surplus on sale of properties	110		909			
Write off of DFC Goodwill Other (net)	5,464		(28,514) (822)			
	5,574		(28,427)	_		
Less/(Plus):	2,77.		(=0, 12, 7			
Minority interest of outside shareholders in subsidiary companies	41		(8)	_		
Extraordinary profits (Losses) – excluding minority interests			533	(28,419)		
• •	-			(20,417)	-	
Consolidated profit (after extraordinary items) attributable to members of the Company	<u>-</u>	145,	676	107,545	+ 35.5	
Group Income		2;751,	755	1,579,012	+ 74.3	,
Group Interest Paid	•	1,772,		833.070	+112.7	
Depreciation-including amortisation Earnings (before extraordinary items)		38,	523	22,317	+ 726	ı
per ordinary fully paid share - on issue at 31st Ma Adjusted for 1985 bonus issue.	uch	42.0	¥	51.1 c*		
Issued and Listed Securities as at 31	lst March	, 1985				
	•	umber ssued	Of Which Listed	Par Value	Paid-up Value	
Preference Shares		NIL.				-
Ordinary Shares Ordinary Shares		421,847 694,000	333,421,847 NIL	7 \$A1.00 \$A1.00	\$A1.00 10¢	
	336.	115,847	333,421,847	-		
Of which issued	30	741,152	30,741,15.	= ! \$ A1.00	\$A1.00	
during reporting period		302,000	NIL	\$A1.00	10g	
		043,152	30.741,152	2		
Convertible Notes		NIL		-		
Options	;	NIL	_			
			ė svoo			

INTERNATIONAL COMPANIES and FINANCE

Daimler-Benz spells out concessions to Dornier

BY JOHN DAVIES IN STUTTGART

DAIMLER-BENZ, the West German motor vehicle concern, has confirmed that it has made concessions to Herr Claudius Dornier to win his agreement to the deal under which it is taking control of the Dornier aerospace and research

Prof Werner Breitschwerdt, the Daimler-Benz chief executive, said that Herr Dornier would have "certain minority rights" similar to those normally attached to a 25 per cent stake in a West German com-

Daimler-Benz had also promised Herr Dornier "certain support" for the development of his Seastar seaplane project.

Under the final agreement reached last week, Daimler-Benz will have a 65.5 per cent stake in Dornier, Claudius Dornier 20 per cent, Silvius, one of his brothers, 10.5 per cent and the state government of Baden-Württemberg 4 per

Prof Breitschwerdt said that the minority rights were not bound to Herr Claudius Dornier in person but would apply to any package of 12.5 per cent of Dornier shares. This meant that Herr Claudius Dornier could bequeath or sell his shares and minority rights, he said. Daimler-Benz did not have an option on first right of purchase.

Breitschwerdt indicated that the minority rights would enable Herr Claudius Dornier to prevent his position being eroded through capital increases or changes in the company's constitution

Daimler-Benz's management control would in no way be disadvantaged by this, he stresses

Dornier did not need a capital increase in the immediate future, he added. Daimler executives have indicated that finance for increased activity could be provided in other ways, such as bank credit or a loan from Daimler-Benz.

Prof Breitschwerdt said that Daimler-Benz had not agreed to take any responsibility for the Seastar project, but had simply agreed that the Dornier group's fa-cilities could be helpful to Claudius in his personal venture.

Herr Edzard Reuter, the Daimler-Benz finance chief, said that the support would not be on any great

Herr Claudius Dornier is to be ensured a seat on Dornier's supervisory board and Herr Silvius Dornier, probably also, said Prof Breit-schwerdt. But no decision had yet been made about the group's top

Herr Manfred Fischer was dis-missed as Dornier's chief executive

Although he gave no details, Prof recently as part of a feud among the family shareholders in the compa ny. His sacking touched off the chain of events which led to Daimler's purchase of a majority stake to ensure a stable future for the Dorn-

ier group.

Prof Breitschwerdt said that the Dornier takeover and Daimler's earlier decision to assume full ownership of MTU, the engineering concern, were not a turning point for Daimler, but part of a consistent

process of broadening the group. Vehicle manufacture would continue to be Daimler-Benz's main concern, but it had a long-term strategy of broadening out into high technology areas, he said.

Daimler-Benz has not disclose

the purchase prices, but the Dornier and MTU acquisitions are estimated to have cost it in the region of DM 1bn (\$326m). Daimler-Benz executives have in

dicated that they intend to take an "arm's length" approach to preserve the flexibility and creativity of Dornier, whose sales of DM 1.5bn last year were dwarfed by Daimler Benz's sales of DM 43.3bn.

They expect to increase the flow of orders to Dornier, though on a competitive basis, and to coordinate research efforts. But at the same time they are anxious to avoid disturbing the independent highly motivated Dornier research efforts.

Fanuc beats profit forecast with 18.5% gain in full year

BY YOKO SHIBATA IN TOKYO

FANUC, the leading Japanese maktems for machine tools, has

This compares with the Y43.81m taxable result for the previous year, and exceeds by Y2.93hn the company's own forecast of a year ago.

Parent company net profits emerged 27.8 per cent higher at X24.97bn, on turnover ahead 22.8 per cent at Y141.73bm. Earnings per share were Y222.78 against Y232.48 while a term-end dividend of Y6.50 makes an unchanged total of Y13. Reflecting a surge in private sec-

tor capital investment, the company enjoyed active demand from overeas and domestic machine tool makers, with orders received for those products amounting to Y156.18bn, up 32 per cent.

Sales of these machine tool sys-tems, accounting for 81.7 per cent of the total turnover, rose 23.9 per

33.5 per cent, representing 9.4 per cent of turnover. This resulted from brisk shipments to GM Fanuc Robotics, its joint venture with Gen-

In the second half, Fanue diversier of numerically controlled sys- fied into plastic injection monding machines based on technology from achieved an 18.5 per cent boost in Cincinnati Milacron, also of the pre-tax profits to Y51.93hn U.S. This provided sales of Y800m (\$207.4m) for the year to March. Y198m. Electro-discharge machin sales moved up by 5.2 per cent to contribute 8.9 per cent to the total

Overall revenue export advanced 27.6 per cent to account for 37.5 per

Exchange gains and offset excep-tional items more than offset high-er depreciation charges resulting from a Y60bn new plant completed

For the current year, Fanuc in sees rising orders and a full contri-bution from the moulding machine division. The company also experts economies of scale resulting from a doubling in production capacity at its new plant at the loot of Mongt. Fuji. At the same time, depreciation charges are expected to ease.

These favourable factors lead Famuc to expect full-year pre-tax profits of Y56bn, up by 7.8 per cent, with projected net profits of Y25.8km, up by 3.3 per cent, on turnover which at Y165bn would emerge 16.4 per

Hoffmann-La Roche sales soar by 20%

BY JOHN WICKS IN ZURICH

Swiss chemical group, increased its group had risen by 15.8 per cent to sales by over 20 per cent during the SwFr 380.2m after an improvement first quarter of this year to SwFr in consolidated turnover by 10.1 per 2.5bn (\$975m).

Mr Heinz Gerber, chairman of the Basie-based parent company, said it was not certain that this growth rate could be maintained.

of the dollar, which was 20 per cent nouncement of the British "limited higher in the first quarter of 1985 list" which will affect Roche's psythan in the corresponding three cho-pharmaceutical sales in the months of last year, and added that United Kingdom, would lead to a this development was unlikely to loss of SwFr 50m UK turnover this continue at the same rate.

favourable progress and "strength-en its profitability further." continue in Britain on the private market.

HOFFMANN-LA ROCHE, the Last year, net income of the holders' meeting the board is to pro-1,200 (1983, SwFr 1,175) per share and dividend certificates.

Dr Andres Leuenberger, manag-He pointed to the recent strength ing director, said the recent an year - "at the most pessimistic."

Despite this, he said, Hoffmann
The company believes that sales

La Roche expected to continue its of tranquillisers and vitamins can

Higher spending slows Ricoh profit growth

BY CARLA RAPOPORT IN TOKYO

RICOH, one of the world's leading manufacturers of copiers and office equipment, has pushed up pre-tax profits by 9.7 per cent for the year ended March to Y28.9bn (\$115.4m), on sales up 16.2 per cent to Y451.6bn.

year reported a 45 per cent increase in pre-tax profits and nearly 20 per forts. Ricoh expects sales in the curcent improvement in sales. Net rent year to jump nearly 20 per cent profits in the 1984-85 year were up to Y548bn, with pre-tax profits up 13.9 per cent to Y13.9bn, against a nearly a third to Y33bn. 94 per cent surge last year.

Ricob officials said yesterday the Ricob's copiers jumped by 26 per relatively slower growth in parent cent to more than Y100bn. Copiers company profits was due to sharply account for 54 per cent of Ricob's increased spending on research and sales, but sales in the development (R & D), increased are largely stagnant. sales, but sales in the home market outlays on capital expenditure and tough price competition in the world markets for its major pro-

The company forecast that the expected economic slowdown in the U.S. would worsen trade friction be-tween the U.S. and Japan and lead margins slimmed in the year to 5.4 to a decline of Japanese exports to per cent from about 6 per cent last

fice equipment through bigger in- R & D and capital expenditure.

vestment in new automation tech nologies. R & D spending last year jumped by more than 25 per cent to Y28bn, representing 6.3 per cent of

The growth reflects something of a slowdown for Ricoh, which last year reported a 45 per cent in Y34.6bn At the same time, capital spend Because of these and other ef-

In the year just ended, exports of

. Sales of its cameras abroad fared extremely well last year, with exports growing by 68 per cent to Y18bn as opposed to a 2.4 per cent sales growth in the home market.

year. Ricoh believes that margins will widen over the next few years As a result, Ricoh is aiming to in- as it begins to reap the rewards of crease the sophistication of its of- its heavy investment programme in

INTERNATIONAL APPOINTMENTS

Olson is named president at AT&T

By Paul Taylor in New York

AMERICAN TELEPHONE and Telegraph (AT & T), the U.S. telecommunications group, has named Mr James Olson, 58, ase president and chief operating officer. The appointment appears to put Mr Olson in line to succeed Mr Chorles Brown at AT & T's Mr Charles Brown at AT & T's chairman, when he retires next year.

Mr Olson, a Bell System veteran who began his career cleaning manholes and splic-ing cables with the North-western Bell Telephone Compay in 1943, is at present vice-chairman of AT & T and chairman of AT & T Tech-nologies, the division that in-cludes the telephone giant's unregulated businesses like computers, electronics and re-

The new appointment, effective June 1, will place Mr Olson in charge of all the group's principal lines of business in the U.S., and overseas, including its long distance telephone operations.

The president's job at AT & T has been vacant since Mr William Ellinghaus retired last year after the courtmandated break-up of the Bell System,

Chairman for Xerox

MR DAVID KEARNS is to become chairman of Kerox Corporation, the U.S. office equipment company, and Mr William Glavin vice-chairman from Thursday, as part of a realignment of the responsibilities of its three-member corporate office.

Mr Kearns, 54, has been Xerox's president and chief executive officer since May 1982. He will continue as chief executive. As chairman, Mr Kearns

succeeds Mr C. Peter McClough, 62, who will become chairman of the executive committee of the board, in place of Mr Kearns. Mr Glavin, 53, an executive vice-president since 1983, will assume the newly-created post of vice-chairman, AP-DJ

Marengo is joint managing director of Credito Italiano

DR PIER CARLO Marengo has clerk after graduating summa-been appointed joint managing cum laude in economics from director of Credito Italiano, the University of Turin. been appointed joint managing director of Credito Italiano, Italy's thid largest bank and a member of the IRI state holding group of companies. Dr. Marengo, who has worked for the past 39 years on the bank's foreign side, will have special responsibilities as head of international activities. He has also been named a director of the

The Turin-born Dr Marengo replaces Dr Mario Rivosecchi, who is retiring at the age of 65. Dr Rivosecchi will remain a director of Credito Italiano

Over the past decade, Dr

Marengo has supervised the opening of bank branches in London, New York, Los Angeles and Tokyo. He has also super-vised the opening of representa-tive offices in Chicago, Moscow, Hong Kong, Caracas, Cairo and Amsterdam.

Regarding the bank's future strategy abroad, Dr Marengo says he intends to move a director of Credito Italiano and marketing, with particular for the next two years.

Or Marengo, joined the Turin needed to increase Italy's branch of Credito Italiano as a exports."

Airbus gives more top jobs to non-French

BY DAVID MARSH IN PARIS

AIRBUS INDUSTRIE, the

The changes are part of a change in strategy at Airbus under M Jean Pierson, its new chairman, who was brought in from Aerospatiale of France earlier this year.
Mr Robert Whitfield, from

post of senior vice president responsible for finance, while M Bernard Ziegler, already the Airbus vice president in charge of flight testing will take over of flight testing, will take over an enlarged responsibility including engineering

Herr Juergen Thomas has European airliner manufacturing consortium, has restructured its senior management so
as to give more top positions to
non-French executives.

Therr Juergen Inomas nas
been appointed senior vicepresident in charge of industrial
programmes with responsibility
especially for coordinating the
shareholders roles in construc-

snareholders roles in construc-tion and subcontracting.

M Jean Roeder will become responsible for new product development while M Georges Ville takes over purchasing policy and M Gerard Bianc after-sales service. M Pierre Pailleret remains in charge of marketing. The new seven-man team of senior vice-presidents—compared with five previously—reports to M Pierson and to Herr Johan Schaeffler, the newly appointed

Exxon appoints Rawl president

NEW YORK—Exxon's board president.

has elected Mr Lawrence G. As president of Exxon Mr Rawl as the new president of Rawl is the current front runter among executives who could be a director and senior vice-president of Exxon, the world's biggest energy company, since biggest energy company, since the retirement, where the retirement is a succeed Mr Clifton C. Garvin, biggest energy company, since the retirement, where the retirement is a succeed Mr Rawl will probably concentrate on developing new

He succeeds Mr Howard concentrate on developing new Kauffmann, who has chosen to oil and gas supplies," said Mr retire after 39 years with Exxon, including 10 years as First Boston.—Reuter

general manager.

All of these securifies have been sold. This announcement appears as a matter of record only.

Thermedics Inc.

375,000 Shares

Common Stock

L.F. ROTHSCHILD, UNTERBERG, TOWBIN

BREAN MURRAY, FOSTER SECURITIES INC.

Banco di Roma US\$150,000,000 Hoating Rate Det of 1:17

Receipts due 1992

Notice is hereby given that the Rate of Interest relating to the above issue has been fixed at 7.975 per cent for period 22nd May, 1985 to 24th June, 1985. Interest payable on 24th June, 1985 will amount to U.S.\$73.10 per U.S.\$10.090 Deposit and 15.\$1.827.60 per U.S.\$250.000 Deposit. Deposit. Agent Bank:

KOREA PIRST BANK

Morgan Guaranty Trust Company of New York

U.S.550,000,000 FLOATING RATE NOTES **DUE 1995** notice is Receiv given that for the initial par-mention interest Period Typin Hoy-22 is Rovember 22, 1985, the Notes will carry at

moless rate of 89 and per amount has come at payable un November 22, 1865 against Coapon No. 1 will be U.S.\$4,376.28, Mey 22, 1985 THE CHASE MARHATTAN BANK N.A. ONDON, ACENT BANK ...

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FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond is

following are closin	g price	25 for	May	21.	ner D	/III. 155U
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Amex Credit 12% 88	150	18578	16676	- Ó'n	+ 968	18.34
Austria Rep 13% 92	100	112	1125	+ 85		11.54
Benk Of Tokyo 12 a 92	100	† 100°2		- 614	- 61 ₂ '	11.75
Bank of Tolovo 13Pa 91	100	10976		85g	+ 1%	
BP Capital 11 to 92	150	100%	101 %	-014	+ 136	18.91
Calest Net Tels 19 4 91	100	11134	1124	- 03g	+ 138	
Canada 11 ^{to} 90	- 500	104 12	165	- 814		10.19
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Indust Ek Japan 124 89	100	10814	18634	- 814	+141	
Inclust Bk Japan 134 91	125	113		- 046	+ 236	
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Japan Air Lines 13 5. 84	180	11510	1155	+ 8%	+ 176	
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Kellogg Company 11 2 92	100	1023	19278	8 .	+ 95 1	
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Macy Cred Corp 115 95	100	1823	1034	+ 012	+ 134 1	1.20
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U.S. \$55,000,000

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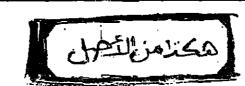
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> p.i.c. HandelsBank N.W.

May, 1985



SIEMENS

Information for Siemens shareholders

10,000 more employees

New orders and sales continue to rise

Two-figure growth rates for new orders and sales, the addition of 10,000 new employees, and a net profit margin of 2.4% characterized the first half of the current financial year of Siemens AG (1 October 1984 to 31 March

New orders

New orders increased 11% to £7,490m; without power plant business the rate of growth was even higher at 15%. Domestic orders in the Federal Republic of Germany rose 4% to £3,646m. By contrast, business from abroad was more vigorous, causing international orders to rise 18% to £3,844m. Sizeable firsthalf orders were placed by Singapore for data switching systems; by Indonesia for EWSD exchanges and diesel power plants; by Kuwait

Libya, and Saudi Arabia for switchgear installations; by Taiwan for EWSD container exchanges; and by China for the electrical equipment for the hot-rolling mill in Bao Shan.

in £m	1/10/83 to 31/3/84	1/10/84 to 31/3/85	Change
New orders	6,773	7,490	+11%
Domestic business	3,512	3,646	+_4%
International business	3,261	3,844	+18%

Sales

Due largely to the billing of two nuclear power plants, Gundremmingen C and Grohnde, Siemens sales leaped 33 % to £6,959m. But even without power plant business, growth increased 10%. In the German domestic market, sales totalled £3,882m, a 7% rise excluding power plants, International business grew 8% to £3,077m. A better than average growth was recorded by four operating groups: Components, Power Engineering and Automation, Communication and Information Systems, and,

in international business, Medical Engineering. For the current financial year as a whole, both new orders and sales are expected to top

in £m	1/10/83 to 31/3/84	1/10/84 to 31/3/85	Change
Sales	5,223	6,959	+33%
Domestic business	2,369	3,882	+64%
International business	2,854	3,077	+ 8%

Orders in hand

Siemens orders in hand tetalled £15,784m on 31 March, while inventories remained essentially unchanged at £5,226m.

in £m	30/9/84	31/3/85	Change
Orders in hand	15,390	15,784	+ 3%
Inventories	5,164	5,226	+ 1%

30/9/84 31/3/85 Change

Employees

With the influx of new orders, Siemens was by 10,000, bringing the first-half total to 338,000. Seven thousand additional people were employed in the Federal Republic of Germany and Berlin (West) and 3,000 abroad, expanding the domestic work force to 231,000 employees and the international to 107,000. In the months ahead, this trend is likely to slow appreciably. On average, Siemens employed 332,000 people in the first half of the year ~ 4% more than in the same period last year. Employment costs rose 10% to £2,456m.

DOMESTIC OPERATIONS		231	T 370
International operations	104	107	+ 3%
	1/10/83 to 31/3/84	1/10/84 to 31/3/85	Change
Average number of employees in thousands	321	332	+ 4%
Employment costs in £m	2.228	2,456	+10%

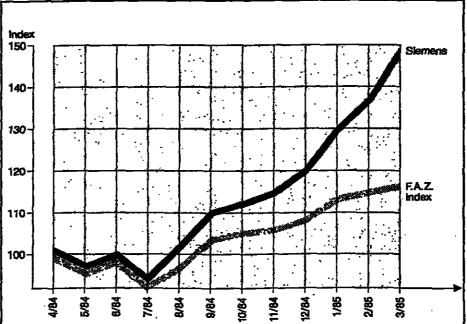
and net income

Capital spending Capital expenditure and investment for the first six months of the current financial year was £349m, 48% more than in the first half of the preceding year. There will continue to be a strong increase of expenditure during the latter half of the year.

With net income after taxes at £166m (last year £107m) Siemens achieved a first-half net profit margin of 2.4%. The net profit margin for the total preceding financial year was 2.3%.

in £m	1/10/83 to 31/3/84	1/10/84 to 31/3/85	Change
Capital expenditure and investment	237	349	+48%
Net income after taxes	107	166	+58%
in % of sales	2.0	2.4	

All amounts translated at Frankfurt middle rate on 29 March 1985; £1 = DM 3.845



Accelerated increase in price of Siemens shares

The increase of the Siemens dividend from DM 8 to DM 10 and the possibility of acquiring new shares at an attractive subscription rate have led to a strong appreciation in the market price of Siemens shares in recent months. Although more marked now, this upward trend began in the 1983/84 financial year in response to positive reports about the Company's improved earnings position and conspicuous innovative capability. While the price of Siemens shares rose 47.9% from April-1984 to March 1985, the Frankfurter Allgemeine Zeitung's share price index showed an increase for the same period of only 15.6%.



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May, 1985

INTL. COMPANIES & FINANCE

Bernard Simon on a Canadian energy group's fight for recovery

Dome moves from intensive care to convalescence

SHAREHOLDERS and man-agers of Dome Petroleum, the The debt became unmanage- of a new Conservative Govern- size of the next biggest believe agers of Dome Petroleum, the debt-ridden Canadian energy producer, are beginning to see light at the end of a very long

The sudden burst of conidence in a company that not long ago threatened the stability of some of North America's biggest banks was vividly demonstrated last wek America's biggest banks was long-term debt (excluding vividly demonstrated last wek capitalised interest) quadat Dome's annual meeting in rupled between 1980 and 1982.

of hostile questions, including barbs about his half-million-dollar-a-year salary.

At this year's get-together, costed by the attendance of 400 Dome employees, the sub-ject of Mr Macdonald's salary ject of Mr Macdonald's salary and a generous "golden para-chute" provision he negotiated recently, were not even raised. Instead, one of the company's most persistent critics stood up to congratulate management on its accomplishments.

Mr Maedonald, a burly Scot who was treasurer at Royal Dutch Shell before moving to Calgary in September 1983, cautions that Dome shares are cattons that Dome shares are still not for widows and orphans. But he says that the company—after losing C\$1.7bn (U.S.\$1.24bn) in the past three years—is moving "from inten-sive ears to complesseemen."

within a year, Dome will be the subject of a bid by some investor keen to get its hands on valuable assets at a bargain basement price.

Sweeping changes have taken place at Dome since the Canadian Government and four of the country's largest banks rescued it from total collapse in September 1982. It is no longer the same reckless company that rushed from one acquisition to another in the late 1970s and early 1980s; swept along by the energy boom in Western Canada, management's vision of a major new oilfield in the Arctic, and the banks' eagerness to provide as many loans as the company

when it paid over C\$2bn for at C\$6 a share, less than half American energy industry. It is cut back on its Arctic drilling control of Hudson's Bay Oil its present market price.

and Gas. In the process, the company's borrowings jumped in those five years from ing interest rates, a more stable in oil and gas liquids output. company's survival in its preing interest rates, a more stable. Its land holdings, totalling 58m sent form.

able when cash flows were ment in Ottawa. squeezed simultaneously by Dome expects to reap substan-soaring interest rates and tial benefits from the new

A year ago, Mr Howard Macdonald's main task has been to cut Dome's suit to fit its of hostile operation. to cut Dome's suit to fit its cloth. "There's a perception that Dome is being prudently and conservatively managed," said a corporate finance man-ager at Nesbitt Thomson ager at Nesbitt Thomson Bongard, the securities firm, when explaining the un-expectedly strong demand for the company's C\$121m inter-national share issue, completed

ments that have contributed to the present upbeat mood at

80 per cent of the company's debt stretching repayments to 1995 in an effort to match debt servicing commitments to ex-pected cashflows.

Dome has rid itself of the

bulk of assets not related to its three core businesses of WesternCanadian oil and gas production, natural gas liquids and offshore contract drilling in the Arctic. A Quebec shipyard was sold recently for one dollar. Dome has withdrawn from a consortium negotiating an ambitious and costly project to ship liquefied natural gas from British Colombia to Japan.

stake in Dome Mines. The latter almost 12-fold between 1976 to a Canadian gold mining group the peak of C\$10.6bn in 1981, is on Dome Petroleum's books

falling oil and gas prices, energy policy announced twoDespite the acquisition of months ago by the Federal
Hudson's Bay, cash from government. This included the
operations was cut by twothirds in 1981. Interest on
oil prices and tax relief for
longitum debt (excluding rise by roughly 40 per cent. Each time oil prices go up by

earlier this month. The offering was almost twice oversubscribed and is the latest in a string of develop-

Barlier this year, 56 credi-tors agreed to reschedule over

for its 3.7 per cent interest in the Syncrude oilsands recovery plant in Northern Alberta, a capital-hungry operation.
Under the debt rescheduling pact, Dome has also agreed to sell a third of its 38 per cent

Dome expects to reap substanoil prices and tax relief for energy producers. Under the revised rules, about 60 per cent of the company's oil output will qualify for higher prices and the value of its reserves will



Mr Howard Macdonald: "Our ley is a relatively simple a focus on high return projects "

C\$1, some C\$19m a year is added to Dome's cashflow and \$9m to earnings. A slowdown in development of natural gas reserves in the U.S. has raised Dome's hopes U.S. has raised Dome's hopes of stronger demand from U.S. customers for Canadian gas. Predicting that gas production will rise from 550m cu ft a day in 1984 to 800m cu ft within the next few years, Mr Macfonald points out that at the end of last winter "You had U.S. utilities in this town for the utilities in this town for the first time looking for gas in the

Despite the asset disposals. Dome remains a force to be reckoned with in the North

The company has continued to pump money into its coi investments. It drilled as third more wells last year the in 1983, and its off the given reserves have stabilised at 1.200 barrels. Banks have agreed in provide up to C\$485m in men credit facilities to fund pro-

jects and operations. Were it not for its home would be in reasonable shape.
It generated C\$110m of cash
from operations in the first
three months of 1985 and posted
an operating income of C\$25m in the first quarter from C\$30n a year earlier.

Address of the first the f

Even the succe isme demonstrated however, the high risks and deep un-certainty that still hangs over Dome's future. To Dome's chagrin, the underwriting group charged a whopping 7.25 per charged a wnopping cent commission, compared to 4.5 per cent for similar offer blue-chip Canadian

A sudden jump in interest rates or further falls in energy prices would send Dome back to the brink. No mention was made at this year's answal meeting of the fact that each percentage point rise in finance charges costs the company about C\$50m a year in casifiow and C\$27m in net income. Furthermore, the fragility of

Furthermore, the fragility of some of its businesses is apparent from the first quarter results. Although the net less has dropped from C\$40m to C\$23m in the past year, the improvement is due mainly to a small foreign exchange gain in the latest period, compared with C345m loss on conversion

a year earlier. Contract drilling operations plunged to an operating loss of C\$4m from C\$19m profit, with revenues from this volatile source sliding by more than

Mr Macdonald concedes that the company battled last year to secure its first drilling work in the U.S. Arctic. "No one-likes hiring someone who may

said wayly.

If contract drilling losses persist, Dome may be forced to cut back on its Arctic drilling capacity. Such a move would raise mew the question of the

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Application has been made to the Council of The Stock Exchange of the United Kingdom and the Republic of Ireland for the Notes to be admitted to the Official List. The issue price of the Notes is 100 per cent. Interest on the Notes is payable annually in arrear on 5th June, the first payment being made on 5th June, 1986.

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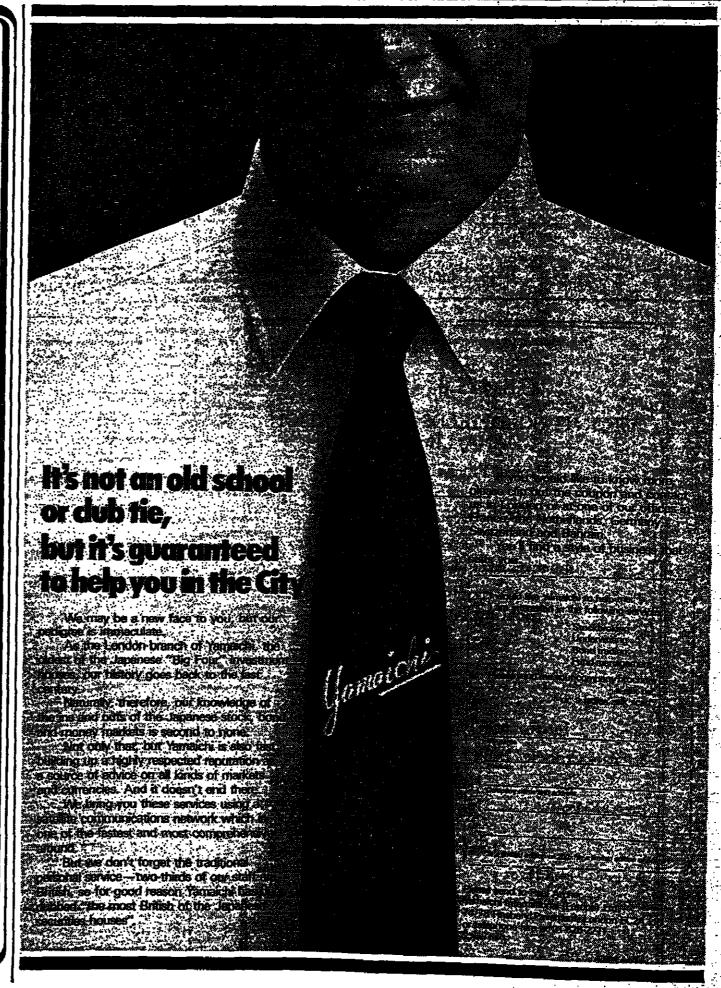
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M. 1112 - 11 A.

22nd May, 1985



Power battle the data processing chiefs are winning

Alan Cane looks at office automation in the U.S.

AMERICAN DATA processing chiefs are taking back the powers and control they seemed to have lost for good when personal computers and work-stations invaded corporate

or recovery

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Manager d comments

Company Same Ma

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And their success is a contributory factor to the present slump in the U.S. computer

ndustry. A major study of U.S. office A major sungy of U.S. omee computing, released this week, shows that data processing and management information services (MIS) departments now control the purchasing of office systems in 57 per cent of Fortune 1000 companies.

office automation committees dominated by data processing specialists control purchasing in a further eight per cent of large companies and MIS departcompanies and mis departments are responsible for deciding what personal computer software in 74 per cent of the companies surveyed.

These results show decisively

that the data processing specialists are winning a fierce power struggle that has raged in large corporations over the past

large corporations over the past five years or so.

They used to have sole con-trol of office technology plan-ning and purchasing, but the coming of the persunal com-puter drastically weakened their authority. Permission was neither sought nor needed to buy a personal computer and they were cheap enough to pay for out of petty cash. In many companies a kind of computing anarchy held sway as personal computers many of them quite incompatible with each other, proliferated.

Some do managers, concerned

HIDDEN FACTORS which underlie the current slump in the U.S. computer industry were identified by the Omni study. They include:

• Managers and professionals seem to be tiring of the novelty link their machines, corporations of the personal computer. In

of the personal computer. In more than 60 per cent of the more than 60 per cent of the companies surveyed, all from the Fortine 1000, managers had begun to delegate computer tasks to support staff.

Nearly half the companies were buying their micro-computers from retail stores rather than from manufacturers rather than from manufacturers.

argues.

The shift to the data processing department of control over office automation purchases has also slowed sales. With major new responsibilities for strategic purchasing, MIS and slowed sales. Until a gloomy picture for European personal computer suppliers hoping to penetrate the native vendors will have a tough time improving their market share against the industry strategic purchasing, MIS and

control the influx of electronic abruptly to the technologist.

Omni Group, the research organisation which carried out the study But it flexed its muscles and wrested control away from the users."

Ms Goldfield said there were taining large mainframe systhere principal reasons why personal computers to the cor-tems, could not be bothered to power had shifted back so porate mainframe so that files

Breakdown of U.S.

Corporate Purchasia

tions were not convinced of any vendor's ability to fulfil their telecommunications needs—they were still waiting for a commu-nications solution they could

market and industry studies at Butler Cox in London, said there was a nine to 15-month processing managers were in U.S. and similar ones in carrows. charge again: "The shift in office automation, he said from direct-from-maturfacturer purchases has probably introduced new procedures for doing and other European countries. He added: "The study paints a shoomy picture for European smealiers."

control the infinx of electronic typewriters, word processors and personal computers until it was too late.

"Five years ago, MIS had little clout in buying office computers" according to Ms Randy into their own. They alone Goldfield, president of The could take on the salesmen Omni Group, the research from the hardware and software vendors on equal ground,

vendors on equal ground, Second, the current trend towards linking personal com-puters together in communicating networks and connecting

can be transmitted to personal workstations has generated new demands for telecommunications specialists: "As users began clamouring for electronic communications between their workstations and other com-puters—including mainframe data processing systems—MIS
was the only group with the
ability to help," Dr Warren
Weldbrand, Omni's director of

research, said.
Third, a mood of desperation Mr Fred Heys, director of had overtaken dp managers as market and industry studies at they saw their empires slipping Butler Cox in London, said away. It created the right climate for what Ms Goldfield calls "corporate phagocytosis"—Dp and MIS departments simply swallowed up the office manage-ment and telecommunications

areas of the company.

The study also showed there will be a dramatic rise in com-puter-based electronic com-munications in U.S. offices over the next two years.

Dr Waldbrand said three areas would experience strong growth, local area networks, used to transmit information quickly and securely between office computers, telephone exchange (PABX) based computers and longputer communications and long-distance electronic messaging.

The Omni report, "Tech-trends '85: Inside the American Office," is part of a long-term project in which some 3,000 users of office automation are interviewed at regular intervals to track changes in needs and objectives.

AT&T Information Systems, Hewlett Packard and Sperry were among the sponsors of the 1985 study. Onmi is based in the U.S., and is owned by Butler ox, the UK consultants in in-mation technology.

Trends in U.S.

Corporate PC

Purchasing



Randy Goldfield: finding rotten Apples.

Ms Goldfield investigates

processing managers were beginning to let control of office technology slip out of their grasp is illustrated by an investigation carried out by Ms Randy Goldfield of The Omni Group.

She was hired as consultant by a major manufacturing company which was about to move to a new corporate headquarters. It was a major speration involving some 20,000 people so senior management were concerned there should be no undue

The MIS director with responsibility for the corporate electronic files and office automation told her: "All you will need to do is take a quick look to make sure

Ms Goldfield duly carried out the investigation and reported back to the MIS director, asking: "What about the 452 Apple microcomputers in the engineering department?"

"What 452 Apples? We do not have any Apples. Apples are incompatible with the company's computing policy," he replied. But indeed the company did

have 452 Apples, all bought out of company funds with-out the MIS directors' knowledge and all crunching numbers in the engineering

The desk top computer, Ms coldfield says, is: "the Goldfield says, is: "the biggest threat to the MIS

DEC joins optical disk market

DIGITAL EQUIPMENT is DIGITAL EQUIPMENT is offering a fully integrated optical disk reader system and has thus joined a growing band of companies with similar products, including Philips, Drexler, Thomson CSF, Olivetti, Integrated Automation and a number of Incompanies including Japanese companies including

NEC.

Known as the Reader CD, the unit uses a modified Philips drive and a disk of about five inches diameter which is able to store the equivalent of 200,090 type-written pages or two complete sets of encylopedia.

The system will allow companies to record bulk information currently found only in

panies to record bolk informa-tion currently found only in catalogues, service mannals, engineering drawings and similar places, and distribute it to desk-top terminals. A read-only system, it will be aimed initially at electronic publishing, and is an alterna-tive to print or microfilm. A CD Reader costs \$2,300 A CD Reader costs £2,300 with its controller and cables and volume deliveries will begin at the end of this year. More information on 6734

Solar power aid

ABOUT 3,000 people in Gabon, Africa, are benefiting from solar-powered electrical equipment installed as part of a U.S. Government programme.
The hardware, providing

electricity for lighting and water supplies, is sited in four rural villages. The Lewis Research Center in Cleveland, run by the U.S. National Aeronartics and Space Administration, is managing

the project.

A building in each village is provided, under the project, with an electric power system, air-circulation fan and refrigerator for storing medical supplies. In another part of the seheme, schools are given electricity.

Laser printer

HEWLETT-PACKARD is selling a £97,000 laser-printing system aimed at connection to IBM mainframes. The 2689A system prints at 45 pages a minute and can handle multiple character fonts. Hewlett-Packard already sells a desk-top laser printer that costs less than £3,000.



Cryogenic chair BOC, the gases company, is strengthening ties with the world of research by financing a professorship in eryogenic engineering at Southampton University, England.

Professor Ralph Scuriock, currently director of the university's Institute of Cryogenics, will be in charge of investigations into low-temperature gas separation that could have applications in areas such as food pre-paration, medical research and microchip production.

Space link

JAPAN'S international telecommunications company, KDD, has developed a small satellite-communications kit that enables people in moving ears or beats to send information via space relay points.

The hardware weighs 45 kg and has a 40 cm aerial KDD plans to start production of the system around 1990, mainly for use by ships that send and receive satellite messages via spacecraft operated by the International Maritime Satellite Organis-

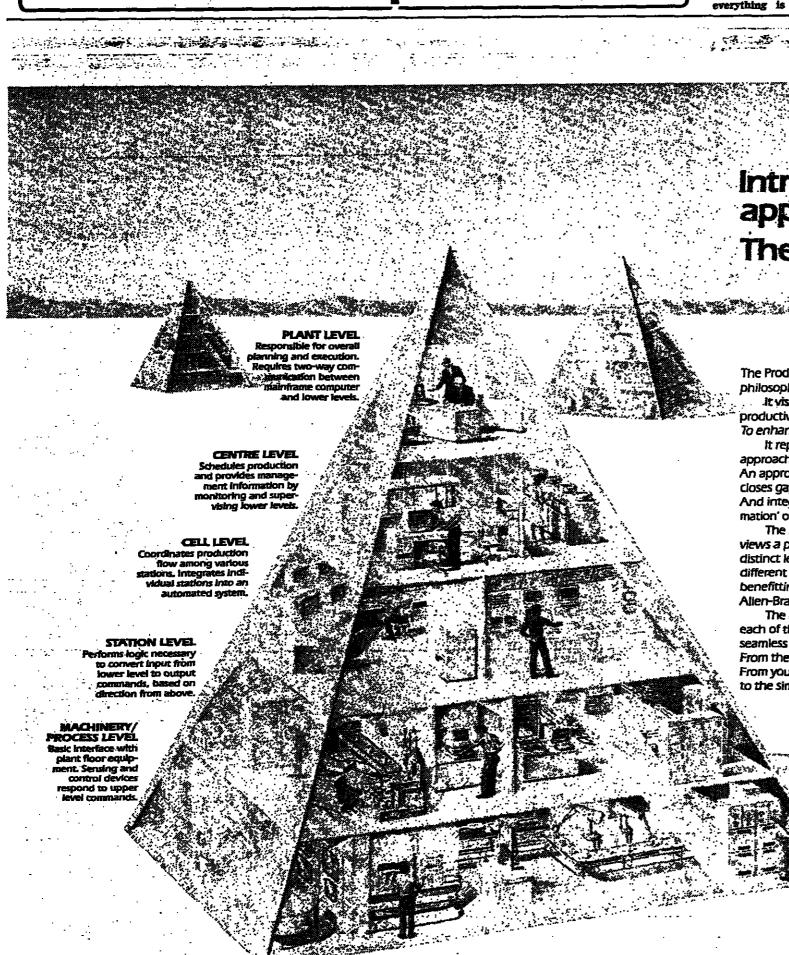
ation (Innarsat).

The new system should be sold for about Yen 7m, compared with Yen 10m for conventional satellite receiving and transmitting equipment for ships, which weighs 160 kg.

Micro trainer

ARTIFICIAL Intelligence of Watford is selling a £545 training system for users of microcomputers that uses LISP, a relatively new and powerful computer language.

The company bases the produet on a form of LISP sold by Golden Hill Computers of Cambridge, Massachusetts. The American product became available in November, since when 1,000 copies have been sold. Among the customers have been researchers investi-gating applications of expert systems, or computers with the ability to reason in a way



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munications networks to unify it. Today, we possess the technical skills to help you implement it.

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ALLEN-BRADLEY A Rockwell International Company

We're reshaping the way industry thinks. And works.

RHM over City forecasts

milling processes.

Sainsbury makes £156m profit

pre-tax profit has been achieved by the J. Sainsbury food and homecare group in the year ended March 23 1985. Shareholders benefit by having their dividend lifted from the equivalent 3.75p to 4.5p, with a final of 3.1p, the share to employees has risen by 24.7 per cent.

the year, and based on Departishent of Trade data, its share of national trade is stare competitiveness so that it is near of national trade in food and drink shops has moved up from 8.2 per cent to 8.7 per cent. Its investment programme over

the year has been at a record £246m, with the opening of 15 new supermarkets being an average size of 26,000 sq ft, and nine Homebase with an average selling space of 46,000 sq ft. The profit before tax came to £156.4m, compared with £130m. of this, the retail profit was up from £133.7m to £158.8m, providing a record net margin of 5.06 per cent, against 4.97 per cent. Sir John Sainsbury, the chairman, is particularly pleased with this gigen that grass margins

this given that gross margins were held to a similar level as the previous year. Sales, including VAT, advanced 16.6 per cent, from £2.69bn to £3.14bn. Trade from Sainsbury's outlets rose by 16 per cent to ment was provided to reflect the reach just over £3bn and from excess retail margin over the cell-Homebase the expansion was ing in the profit sharing scheme.

60 per cent to £64m. Supermarket

Sales by SavaCentre, which is jointly operated with British Home Stores, were 17 per cent higher at £235m. The profit rose by nearly fim to £9.7m.

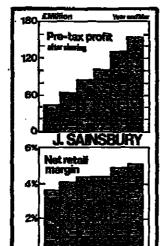
Sir John says that during the

year Sainsbury's price competitiveness has been improved still further, particularly in relation regularly reported by an inde-pendent research organisation as having the lowest grocery prices of any retailer its surveys. The profit included as

share ahead from £8m to £9.7m. As well as the SavaCentre holding, the group owns a 21 per markets of the U.S. which increased its sales by 14.3 per cent to \$812m and its profits before tax by 11.3 per cent to £20.2m.

Employees' profit sharing cost £12.1m this time, compared with an adjusted £9.7m. Over 30,000 staff benefit and receive in cash or shares the equivalent of about four weeks pay. Some 13,500 of the staff, representing over a quarter of all shareholders, now own Sainsbury shares. In 1984, an exceptional pay-

Amendments to the scheme were ratified by shareholders in



December. The comparative figures have been restated from £8.1m to £9.7m to show the combined amount, and the retail profit and margin have been adjusted accordingly.

After tax £45m (£41m) the net profit comes out at £108 4m

rofit comes out at £108.4m (£89m) for actual earnings of 15.61p (12.89p) per share and fully taxed—35 per cent—of 14.64p (12.26p).
Sir John says the year just

gone is the sixth successive time that profit before tax and profit sharing has increased by over 20 per cert. In ten years profit has grown from £15.4m to over £168m, a compound annual rise of 30.4 per cent — after allowing for inflation this is equivalent to 176 per cent med annual reservations. to 17.6 per cent real growth per

Over the past five years the fuil range of proprietary and Sainsbury label food sold in traditional food and household departments has risen by about 25 per cent, while the numbe of stores large enough to stock that full range has doubled to

This highlights the value of the

expansion programme for the competitive position and the advantage the group gains from the age profile of the stores — over 40 per cent of selling space has been opened over the past five years. The same period has seen the number employed in-creased by 25,000, so that today creased by 25,000, so that today the total workforce is 62,000. At the year end there were in operation 253 supermarkets and 18 small stores with a total sales area of 4.3m sq ft, six Save-Centres with 422,000 sq ft and 23 Homebase with 1.04m sq ft. In the current year projected openings are for 15 supermarkets with sales area of 408,000 sq ft and five Homebase with 229,000 sq ft.

Lanca profits up by 45% to £260,000

Pre-tax profits for Lanca, the Oldham-based handbag manufac-turer and wholesaler, rose by 45 per cent in 1984. The improved results reflects a broad increase in sales with an underlying increase in margins.
Sales to multiple stores have

been particularly successful and margins have been helped by tighter import controls.

Pre-tax profits rose from £179,000 to £260,000, on turnover up 23 per cent from £2.47m to £3.04m. Operating profits were £215,000 (£135,000) with a small increase in bank interest received of £1,000 to £45,000.

Earnings per 20p share were up from 11.15p to 15.2p, which when revised to reflect the split of the shares in 2.5p units gives 1.9p (1.39).

Dividend per 2.5p share is to be 0.375p, compared with last year's 0.3p on the same basis. The directors say that the improved trend has continued into this year, although the strength of the dollar is putting some pressure on margins on imports from Far Eastern They add that they are satis-

fied that pre-tax profits for the first half should be in line with

Chairman since 1965.

Fine Arts sells Early Learning offshoot to Menzies for £8m

By Lucy Kellaway

Fine Art Developments, one a profitable and well-identified Fine Art. But Fine Art argues of Britain's largest makers of greetings cards, is to sell its educational toys subsidiary Early Learning to John Menzies, the newsageot, for £8.44m in cash. News of the disposal came with Fine Art's full-year figures to March 1985, showing pre-tax profits more than doubled to £7.2m. Early Learning contributed £0.9m on sales of £15.9m.

Fine Art bought 74 per cent of Early Learning in 1981, with the balance in 1984 for a total price of £1.26m. It has subsequently spent about £4m increas-ing the number of retail outlets from six to 96, while the mail order side of the business, which most closely complements Fine Art's own activities, has remained relatively static.

Fine Art says that the sale will allow it to expand its greeting card and mail order businesses, strengthen its balance sheet and improve its earnings notestial

John Menzies views the acqui-

King & Shaxson PLC

EXTRACTS FROM THE STATEMENT OF THE CHAIRMAN, Mr. W. E. C. D'ABBANS

to be presented at the Annual General Meeting of the Company on 13th June 1985

I have pleasure in submitting my first Annual Report since my appointment as

Chairman of the Board of Directors on the 30th November 1984. I succeeded

Your Directors report a profit for the year of £788,000 after provision for rebate,

The year has seen extreme volatility in the level of sterling against other currencies and hence in the level of domestic interest rates. Within ten weeks of

relapsing again to 91/2% in November. There followed a period of open neglect of the currency until in early January base rates rose 1% to 101/2%. Typically, this action proved to be "too little too late" to satisfy foreign exchange markets and by the end of the month a crisis level of 14% had been reached. It was generally felt

that such a level would not hold for long and period rates immediately began to discount a rapid fall. To date that fall has amounted to a grudging 11/2% and hopes of a further cut in the near future have evaporated. Throughout this latter period money costs have remained obstinately high, further eroding such capital profits

To turn to the year in prospect, much the same anxieties persist as were evident

twelve months ago. The monthly money supply figures announced on the 7th May were the worst for five years and showed an annualised growth in M3 and

PSL2 of 19% over the past three months. Even the present high real cost of borrowing has had no impact on the alarming expansion of bank lending. There

are few signs that the U.S. budget deficit will be brought under control and the price of oil and the level of sterling cannot be predicted with confidence. The only

certainty is that we start the current year with interest rates at a substantially

storms well and is in good shape to profit from opportunities as they arise. Much prominence has been given in the press and elsewhere to the proposed

higher level than a year ago. In the meantime your Company has weathered the

changes in the Stock Exchange and in particular to the gilt edged market. The

Copies of the 1985 Annual Report and Accounts may be obtained from The Secretary, King & Shaxson PLC, 52 Cornhill, London EC3V 3PD.

Board consider that primary dealership is an inappropriate venture for your

the start of the Company's year base rates had risen from 81/2% to 12% before

tax and transfer to inner reserves. A final dividend of 5.75 pence per Ordinary share is proposed making a total of 8.25 pence for the year ended 30th April 1985.

Mr. Hohler who has been a Director since the Company went public and

Fine Art's profits before tax for the year to March 1985 rose by 114 per cent to £7.2m (£3.4m) on turnover up by 37 per cent to £134.8m. The figures include the first full year's contribution

from Selective Paper Group, The increase in profits came after an increased interest charge of £3.9m (£2.1m) and after certain redundancy and relocation costs, the benefits of which are now in evidence according to the company. There was a prior year credit of £0.4m which relates to a pre-

vious overpayment of VAT, After tax of £2.7m (£0.9m) profits increased 88 per cent to £4.5m while earnings per share at 6.95p were up by 91 per cent. The company plans to pay a final dividend of 2.1p (1.9p) to make a total for the year of 3.2p (3p).

comment

Judging by the relative move-ment in their share prices, the City seems to think that John sition as an opportunity to City seems to think that John diversify its retailing interests Menzies has done better out of further into what it regards as the Early Learning deal than

that its expertise—not to men-tion much needed cash—is better spent on expanding the business it knows, and calculates that the interest saved in the current year will be greater than the likely profit contribution from Early Learnings. As shareholders are concerned that Fine Art has rid itself of the fastest growing part of its business, its results for the year, which were some film more than analysts were expecting, should be some comfort. The company has spent about £0.5m rationalising its

existing businesses as a part of gramme in the last year. This should ensure another increase in margins, although not on the same scale as last year, when much of the improvement occurred as Selective Paper was successfully absorbed into the company. Future expansion is likely to be concentrated on the retail side where there are plans to start franchising the Gift Tree

Granville launches third **BES** fund

Granville and Co, the City-Grasville and Co, the City-based licensed dealer, yesterday launched its third business expansion scheme fund.

The fund is asking for a maximum of £2m, which will be invested in unquoted companies in chunks of between £50,000 and £400,000. Investments will be managed by a wholly-owned sub-sidiary Granville Rusiness managen by a whoth-owned sub-sidiary, Granville Business Expansion Finace, which already handles BES equity worth £3m Investors in BES funds can claim tax relief on the cost of their shares, provided they do not sell within five years. The third Granville BES fund will close when it is fully subscribed or on July 15, whichever is the

retail side where there are plans to start franchising the Gift Tree shops. If the company produces pre-tax profits of £9m this year, its shares at 91p stand on a p/e

DIVIDENDS ANNOUNCED

	1	_	Date	COLLE-	TOTAL	1.0ta1
		Current		sponding		last
	l	ayment	payment	div.	year	year
	A. & C. Black		_	6	9.5	9
	British-Borneo		July 19	10	17.5	15
	Caparo Inds		_	0.85	1.65	1.5
	City Site Estatesint		_	0.34	_	0.68
	Cramphornint	1.67	_	1.67*		5.17*
	B & A Film		July 12	2.83	4.73	4.2
-	Fine Art	2.1	July 14	1.9	3.2	3
	Gartmore American	1.4	July 23	1.4	2	3
	Gerrard & National		_	9	13.2	12
	Greenall Whitleyint		July 12	1.93	_	4.46
	Lanca	0.38	July 23	0.3f	0.38	0.31
1	McInerney Props	4		4	5	5
	Monks Investment	1.3	_	1.3	2.4	2.4
1	Ranks Hovisint	1.84	July 12	1.6		4.36
4	Saatchi & Saatchiint	5.29		1.6 3.33 °¶	_	9.03*1
1	J. Sainsbury	3.1	July 19	2.55*	4.5	3.75*
1	Spencer Clarkint	0.5	July 17			0.5
	United Friendly	101	June 26		14.6	12.25
Į	Warnford	8	Oct 1	7.5	145	13.5
ı	Dividends shown pence p	er share	net excep	t where o	therwi	se stated
	• T					

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Excludes adjusted 0.9p in exceptional income.

| Adjusted for share split.

Saatchi more than doubled at £15.5m

Saatchi & Saatchi Company. the UK's largest advertising agency, more than doubled pre-tax profits from £7.48m to £15.51m in the six months to March 31, 1985. This was slightly better than last month's £15m estimate, made at the time of the announcement of a £99m rights issue and two U.S.

The company says the flow of new clients and the continued strong real growth in each of the markets in which it operates, mean that Santchi is well on course to reach the £38.3m forecast level of profits for the full year. In 1983-84, the pre-tax figure amounted to £18.31m.

Saatehi is optimistic that 1985 will not only produce record pre-tax profits, but also a record growth rate in both taxable figures and earn-

both taxable ngures and earlings per share.

Half-year earnings per 10p share moved ahead from an adjusted 12.23p to 20.79p. The interim dividend is in effect lifted from 3.33p to 5.29p after allowing for the one-forther open court issue of the content of the court issue of the court is the court i for-three scrip issue.

Turnover jumped from \$372.42m to \$518.3m in the period. Results show continued strength in Saatch's advertising operations with pre-tax profits up by 29 per cent in the UK division and 63 per cent higher inter-nationally, reflecting further margin improvements there. The figures include a first time contribution from the Hay Group with effect from

January 1, 1985. At Hay, consulting revenues were 18 per cent ahead of the previous year and margins on revenues improved to 13 per ceut (11.5 per cent).

For the rights Issue of 99.47m 6.3 per cent convertible cumulative redeemable preference shares, acceptances were received in respect of 95.7m shares (96.21 per cent). The remaining shares have been sold in the market at an average net price of about 5.15p per share. No payments of less than £2 will be made.

comment

As should be expected from a company which has made such large calls on its shareholders recently. Saatchi and Saatchi has beaten last month's pre-tax profits forecast and is well placed—to-exceed the forecast for the year by a similar margin. Moreover, the group is able to refute suggestions that growth refute suggestions that growth is being fuelled by acquisiing business has increased turnover by 28 per cent and pre-tax profits by 48 per cent, partly as a result of new parity as a result of new accounts won in both the UK and the U.S., and partly by raising margins outside the UK. It is this strength which gives the group the means to branch out into new fields such as sales promotion and management consultance. management consultancy. Clearly the bigger the group gets—it is now the world's fifth largest advertising agency—so the growth rate gets harder to maintain. But the shares, up 25p to 650p, trading on 15 times forecast earnings, are at their lowest premium for some time to the big U.S. agency stocks.

proving economic climate and generally lower raw material prices, says Sir Peter Reynolds, or trust crush drinks has been launched. Success in the U.S. snack food market has led to a £2.5m for the 1983-84 year, investment which, says the chair man, more than doubles the output of snack products at the Great Yarmouth factory. The snacks are exported to the U.S. and sold under a number of customers' brand names. Last month they also went into test-market in the UK. the chairman. RHM's shares initially gained 4p yesterday but closed 2p down at 183p, giving a market value

at 163p, giving a market value of £457m.

The interim dividend is up from 1.6p to 1.84p, which is covered just over four times by stated earnings per share, pre-extraordinary items, of 8p against 5.9p.

During the six months to March 2, 1985, RHM undertook further rationalisation of its bread side through the phased closure of seven bakeries. closure of seven bakeries.

These closures mainly made up extraordinary debits of £5.4m, against £2.7m, which left attributable profits at £1.7m com-pared with 13.6m.

In addition, a £10m moderni-sation of the Manchester flour now open at Stevenage.

Sir Peter says that the upturn in sales and profits of the group's American businesses, noted in the 1984 report and actums, continued in the first half of 1985 and RHM is looking for suitable opportunities to make further investment in the U.S. food mill was completed, almost doubling its capacity to 400 tonnes/24 hours throughput, as part of RHM's continuing invest-The mill is automated and its production monitored and con-trolled by programmable logic computers, coupled with closed-

with 56% rise to £36.5m Ranks Hovis McDongall, the circuit television surveillance of pany, Cerebos Pacific, which is Sir Peter says that on the grocery side this year sees the 75th anniversary of the original launch of Bisto gravymaker, one quoted on the Singapore Stock Exchange, reported an increase in pre-tax profits for the first balf of its financial year, with of RHM's most successful grocery satisfactory growth in Australia. New Zealand, Thailand and products. This range has now been extended. Taiwan A chain of five Pirra In time for the peak selling season the One-Cal range of

Hut restaurants has been carbonated soft drinks has also been extended by the addition of new flavours and a new range of fruit crush drinks has been acquired in Singapore. Total group turnover for the interim period amounted to £649.2m compared with £604.2m

Lower profits, at feet against the previous year's £711,793 are reported by. Cakebread Robey, the Kentucky, to establish a chain of Chi-Chi's Mexican restaurants in the UK and an investment for developing under franchise a chain of Wendy hamburger restaurants in the south of England. The first of these is now open at Stevenage.

Sir Peter says that the upture is also and profits of the previous year's £711,793 are reported by. Cakebread Robey, the previous year's £71

Gerrard & National down by 50%

reported a near 50 per cent fall in profits for the 1984-85 year.

The result, down from £10.12m to £5.15m after tax, minorities and a transfer to inner reserves, follows the warning at halfway that profits showed a shortfall. Despite this, however, share-holders are set to receive a higher final dividend of 10.2p, which raises the total distribution by 10 per cent to 13.2p for the year to April 5.

ment programme.

frond products group and Britain's second biggest bread maker, achieved a 56 per cent increese to £36.5m in first half

the top end of wide ranging City estimates of between £29m and £35m.

The result, compared with last

year's £23.3m, was attained against a background of an im-

taxable profits which exce

"It would be no exaggeration to say that from the viewpoint of exchange rates and interest rates our last financial year was one of the most volatile in the history of this country," says Mr R. G. Gibbs, the chairman.

Rase rates rose from \$5 per Base rates rose from 8.5 per cent to 14 per cent before falling back to 13 per cent, which gave a very unfavourable trading background

"It has been a difficult but most stimulating 12 months' in which turnover has been considerably higher than previously, averaging well over fibn a day," he says.

Gerrard & National, the UK's largest discount house which has than one-third of the total retotal assets of £3.76bu, yesterday sources of the London discount compared with one-Gerrard lays claim to more • comment eighth at the time of its merger Early in 1986 the Bank of England will be dealing direct for the first time with the discount houses in money market

assets and, later on, with the gilt-edged market makers.
"It looks as if the gilt-edged market makers will expand into the discount market rather than the other way round," says Mr Because of this Gerrard and

James Capel, the stockbroker, recently abandoned plans to create a £25m joint venture company to make markets in British government securities. Gerrard has now applied to the Bank of England in its own name. "We intend to be active market makers in gilt-edged as

control and ownership of this activity," says Mr Gibbs.

It does not matter how wary you are, or how large your pre-

sence in the market; it is still impossible for a discount house to make money in a period when interest rates rise by almost 50 per cent in under three weeks. Even the market leader, Gerrard, does not exactly seem to have prospered from the sterling crisis of last January; the falling value of even a conservatively arranged book was bound to spoil the last quarter of its year. All the same, Gerrard has predictably come through rather better than the most recent clutch of results from smaller houses might sag-gest. The declared profit, though halved from the previous year. has been fitted in with the divi-dend rise in such a way as to allow both inner and outer reserves to increase. Gerrard is a logical extension of our tradi- convinced that for the present it tional business and consider that has as mitth capital to hand it is imperative to have complete 'assuming reasonable retentions in the current year -- as it needs to capitalise the risks of In addition, Gerrard intends to its new gilt-edged desk, to say continue expanding all its nothing of the associated present activities. In February, physical resources. The increasits interest in Inter Commodities ing competitive risks are clear; This, he adds, has been particularly noticeable in the bill market where G & N's turnover has risen by 40 per cent.

This, he adds, has been particularly noticeable in the bill market where G & N's turnover has risen by 40 per cent.

The corrularly in resources are clear; its interest in Inter Commodities ing competitive risks are clear; on a 5.5 per cent visit ar

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Caparo raising £10m via rights

Caparo Industries, the engineering, metals and electronics group, per cent from 3.86p to 4.87p while
expects 1985 to be a year of the dividend is to be increased
consolidation following the 43 from 1.5p to 1.65p.

Comment

Caparo's pre-tax profit rose 43 per cent from £1.93m in 1983 to £2.76m in 1984 on sales which rose 32 per cent from £82m to £108m. Trading profits rose 70 per cent from £1.28m to £2.17m.

Myers.

The new shares will be convertible from June 1986 to 1992 at a rate of 20 ordinary shares for every £7 nominal of

expects 1985 to be a year of consolidation following the 45 per cent from 1.5p to 1.65p. The company yesterday also announced plans for a £10.25m rights issue to strengthen its balance sheet. This is partly to compensate for a write-off of the alleged overstatement of the alleged overstatement of profits and stock values by Fidelity, the consumer electronics company it took over last Cotober.

The company will be bearing the full financing costs of the fill-1 makeover of Fidelity, and of the creation of United Merchant Bar, a joint venture project with British Steel Corporation, to which Caparo is subscribing £1.8m cash. These two companies will make only a small contribution to trading profit this year.

Beyond 1985 we are confident the group will show improved benefits to shareholders particularly from the major impression made in these two new projects. Mr Swrai Paul, the chairman, says in his annual report.

Caparo is the first strading results of at least a 20 per cent return days a considering established that its trading results of £75m following the discovery of the alleged overstatement of the alleged overstatement of the alleged overstatement of the company will be bearing the full financing costs of the fill-1 makeover of Fidelity, and of the creation of United Merchant Bar, a joint venture project with British Steel Corporation, to which Caparo is subscribing £1.8m cash. These will be issued for every nine distorated the project with British steel Corporation, to which Caparo is subscribing £1.8m cash. These will be issued for every nine distorated for the project with British Steel Corporation, to which Caparo is steel mill venture with BSC. It will make a small continuous to trading profit the special production in early 1986. It will make a small continuous to trading profit the special production in early 1986. It will make a small continuous to trading profit the special production in early 1986. It will make a small continuous to trading profit the production in early 1986. It will make a smal

1,912-1,016 (-4) Based on FT Index Tel: 01-427 4411

ENCH KIER-1984 RESULTS

CONTINUED PROGRESS ON MANY FRONTS

Highlights from the statement by the Chairman Mr J.C.S. Mott, F.Eng., F.I.C.E., F.I.Struct.E.

- * Ninth successive year of advance in trading profits

Minister kinger of the tremoheron

Company at the present time.

- * Increased turnover from 'Construction in Europe'
- * Substantial increase in profit contribution from Construction. overseas
- * Increased cash resources.

The second secon

Acceptable result anticipated for 1985

per share	6.1 <u>5p</u>	5.60p	+10%
Earnings per share Dividend recommended	18.7p	17.3p	+ 8%
Shareholders' funds	76.8	65.8	+17%
Group taxable profit	16.4	14.3	+15%
Group turnover	327.0	285.0	+15%
YEAR'S RESULTS to 31st December	1984 £'m	1983 £m	Increas

French Kler Holdings Public Limited Company, 50 Epping New Road, Buckhurst Hill, Essex IG9 5TH

1,600

12,950 14,550

16,000†

David Lascelles looks at Henry Ansbacher's emergency £35m rights issue

The centrepiece of a capital reconstruction

BUT FOR THE timely succour of Pargess/GBL, there would be very little left of Henry Ambacher today. The £81.4m loss amounced by the small merchant banking group yesterday all but wiped out its £34m capital and left its main shareholder with little choice to underwriting an emergency £35m rights issue.

That Ansbacher has been in a mess has been known for some time. But the results are much worse than expected, and they plainly reflect the determination of the Belgian-Swiss Pargess/GBL combine to clean the group

of the Belgian-Swiss Pargesa/
GBL combine to clean the group
out once and for all and launch
it afresh. Even so, there was a
feeling in the City yesterday
that M Albert Frere might have
to wait a while before he sees
a worthwhile return on his unwittingly large investment.

Ansbacher first flagged trouble
last January when it decided to
pull out of its fi-starred acquisition of Laidlaw Adams and

Peck, the Wall Street securities firm, at a loss of \$13.6m. Mr Charles Williams (now Lord) resigned as chairman and was succeeded by Mr Richard Fenhalls who had recently left Gnimess Mahon.

But trouble was obviously more deep-rooted. According to the circular to shareholders yesterday, Ansbacher's interim results last September (which showed a pre-tax profit of £1.35m) "may have been overstated." and "there may have been insufficient reserves in the company available for distribution to cover the dividend." tion to cover the dividend."

A board committee consisting
of Mr Fenhalls and Mr Claude
Vercambre of GBL is investigat-



Richard Fenhalls, the

doubtful debts (£2.5m) and soar-

In the U.S., the bank's highly successful mergers and acquisi-tion team run by Mr Christopher tion team run by Mr Christopher Shaw (which made the U.S. top 10 in terms of number of deals initiated) was losing money because costs ran out of control. Along with losses on its project finance business there Ansbacher's U.S. activities lost a total of £3.9m last year.

The shipbroking division also sustained its first loss in 15 years: £1.3m, again mainly because of bad debts. And Lazmet, the metal broking subsidiary, lost a further £0.9m. Bad controls within the group led to its drop-Shaw (which made the U.S. top 10 in terms of number of deals

ance broking (a pre-tax profit of £2.3m) and trust management £0.4m), scarcely enough to make a difference or affect the impres-The new management decided

ping a further £850,000 on an illjudged foreign exchange contact.

The only parts of the group that did make money were insur-

P&L ACCOUNT 1984-85

Net loss

Including the discle

nerchant bank, † Debit.

Clark continues

a £14.5m loan which, together with the goodwill still on the balance sheet, will set Ansbacher up with nearly £53m in shareholders' funds, and raise Pargesa share of the equity from 29 per cent to at least 51 per cent. Within the group, the merchant bank itself will have capital of about £20m, underpluning a balance sheet of some £90m. So Ansbacher will not only end up bigger, but with quite a lot of room for growth.

Not surprisingly after this traumatic upheaval, though, management is being rather coy about the prospects. The circular makes are properties. about the prospects. The circular makes no promises about either dividends or profits (though the rights issue has been priced in the belief that the group can make £5m to £7m after tax). The company will focus on

two core businesses: merchant banking, and insurance and shipbroking. But clearly much is expected from the link with Pargesa/GBL, which is at the centre of a complex web of holdings in financial institutions around the world, including the Drexel Burnham Lambert group on Wall Street, and Banque Bruxelles Lambert in Belgium. Bruxelles Lambert in Belgium.
According to Mr Vercambre,
Pergesa/GBL is "very liquid"
at the moment, and has a policy
of acquiring a majority stake in
companies. He sees Ansbacher
as the group's flagship in the
UK and a member of its confederation of banks, and says
that Pargesa's readiness to
underwrite the £35m is a sign
of the confidence it has in
Ansbacher's future.
See Lex

Spencer recovery

FOLLOWING its return to profits in 1983-84 the improvement in the results of Spencer Clark Metal Industries has continued. In the half-year to the end of March 1985, the Sheffield-based company reports that taxable profits were at a "significantly more acceptable level," having risen from £43,000 to £265,000. The results were achieved on the back of an increase in turnover of 44 per cent, up from £4.37m in the first half of last year to £6.29m.

Following last year's return to the dividend list with a final of 0.5p, it has been decided to pay an interim this year of 0.5p.

The directors say that the

The directors say that the present order position augurs well for the full-year results. All the group's activities were profitable. The fast-growing George Clark company accounts for a quarter of group business and Hobson Houghton and Com-pany, which was bought from Neepsend Group in November last year, has already been turned round and is now making a rewarding contribution a rewarding contribution.

Although the directors say that financial stringency is still esential they have recommended a modest return to the interim dividend list.

Operating profit was almost 150 per cent higher at £403,000, compared with last year's first-half figure of £162,000. Interest payable rose from £119,000 to £138,000. Tax was £4,000 (nil).

Forgemasters future brighter as JFB cuts losses to £1.2m

WITH A further improvement in the performance of Sheffield Forgemasters, the loss-making joint venture formed between Johnson and Firth Brown and the

Johnson and Firth Brown and the British Steel Corporation in 1982, the private patrner in the enterprise has once again cut its losses at the interim stage.

The outcome for the period to March 31 1985 shows a reduction of £1.33m to pre-tax losses of £1.21m for Sheffield-based JFB, with the Forgemasters deficit down from £2.45m to £2.65m.

Mr J. M. Clay, the group chairman, says that the results confirm the recovery trend predicted in the recovery trend predicted in last year's report. He adds that orders at Forgemasters are now running at a substantially higher level, but says that there will be a delay before this can be trans-lated into further reduced losses. Stripping out the joint venture losses, JFB—a specialist engineer—improved interim profits from £0.91m to £1.43m. The improvement reflects the more favourable business climate, says Mr Clay, which in particular affected the aerospace companies.
Turnover from continuing operations was up from £48.88m to £87.94m.

Gross profit came out at £10.72m, against £9.76m, from

which other operating expenses very best that can be hoped for took £7.69m (£7.09m) and in is that a continuing improvement terest charges accounted for in the second half might just £1.18m (£1.92m). After tax at about offset £7.8% share of £402,000 (£238,000) losses per Forgemaster's losses.

share are shown at 1.8p
The directors are still unable
to recommend any resumption of
the dividend on the ordinary
shares—last paid in 1981—or payment of the preference arreas. comment

No increase in profits from Johnson and Firth Brown could have been large enough to make the market view the shares with enthusiasm. There is only one question that shareholders want answered: when is the company answered: when is the company oswered: when is the company going to get rid of the terrible burden of Sheffield Forge-masters, which regularly transforms otherwise encouraging profits into losses? It wis rumoured that such a flotation was firminent, and optimists may have been disheartened that there was no hint of a disposal in the statement. Forgemasters dominates JFR's balance sheet sorted out by the end of the year) the shares, down 2n to 181n have a lot going for them.

JFB has been making steady progress, and on its own emild he an attractive takeover target. If no agreement is reached, the

P-E International plans public flotation next year

BOARD MEETINGS

BY STEFAN WAGSTYL

P-E International, one of the UK's oldest management consultancies, is planning a public

Avon Rubber, Bess, Peut, MMT Computing, It Agency and Music, National Glass, Scottish Trust, John Williams of

le: Allied Irish Banks, Buckleys ry, Chembertain and Hill, Channel

sultancies, is planning a public flotation next year.
The company, founded in 1934, has appointed stockbroker Hoare Govett to advise on whether it should seek a listing or join the Unlisted Securities Market. Its market capitalisation is likely to be about £10m.
Established originally as an engineering consultancy. P-E engineering consultancy. P-E now offers a wide range of consulting services, divided equally between computer-related services and general consultancy in management, manufacturing and in information existens. in information systems.

The bulk of its clients are still drawn from manufacturing industry, including engineering, chemicals, food and oil. About a quarter of the company's work.

a quarter of the company's work that the company's work the company's work that the company's work that the company's work that the company's work the company's work that the company's work the company's work that the company that

together a team to solve virtually any problem you can think of."
P.E celebrated its golder jubilee last year with increased pre-tax profits of £691,000, up from £145,000 in 1983, generated from fees of £13.6m (£10.1m). Another strong profits increase

The company was founded by Mr Maurice Lubbock, an engineer whose family later sold the business to a trust set up on behalf of the employees.

P.E's pension fund is now the largest shareholder with about 30 per cent of the equity and the rest is held mainly by the staff, who number about 300.

W. Laing said that the main Mr Laing said that the main

reason for the flotation was to create a proper market in the company's shares, and to ensure that the shares were realistically valued.
Shareholders would be invited

to contribute shares for sale in the flotation. There were no

British-Borneo improves

British-Berneo Petroleum Syn- at 25.7p (21.6p) per 10p share. dieste has announced improved pre-tax profits of £1.79m for the year to end-March 1985, against

£1.43m previously. At the interim stage, profits of £902,228 (£855,478) had been achieved.

The directors are recommending an increased 12.5p (10p) final, making a total of 17.5p (15p). Net earnings are shown

Profit from dealing activities amounted to £665,000 (£703,000). with short-term interest received and other income adding £175,000 (£130,000).

Investment income totalled fl.25m (fl.05m), and income from U.S. oil and gas producing properties fl00,000 (fl31,200). There was a f94,000 (fb.000) profit on currency conversions.



Global Natural Resources Ltd

A Scheme of Arrangement dated 17th May 1983 providing, among other things, for the exchange of bearer shares of Global Natural Resources Limited, formerly Giobal Natural Resources PLC, a company organised under the laws of England (Global-UK), for registered shares of Global Natural Resources Inc., a company organised under the laws of the State of New Jersey, USA (Global-US), became effective in July 1983. Pursuant to the Scheme of Arrangement, the issued and outstanding shares of Global-UK have been cancelled. They entitle the holders only to obtain registered shares of Global-US in exchange for their bearer shares of Global-UK and have otherwise ceased to have effect.

Holders of shares of Global-UK will not be entitled to receive dividends or notice of meetings or be able to vote or otherwise participate in the affairs of Global-US unless and until their bearer shares of Global-UK and the Form of Application to receive registered shares of Global-US, legibly completed, are received by the Exchange Agent named below and the shares of Global-US are registered in the name of such holders. Accordingly holders of bearer shares of Global-UK are strongly urged to write to one of the addresses given below to obtain Forms of Application. Forms of Application may be obtained from the

following: **Exchange Agent:** Registrar and Transfer Company Attn: Exchange Department, 10 Commerce Drive Cranford, New Jersey 07016, USA

or from: Global Natural Resources Inc. 5300 Memorial Drive, Suite 900 Houston, Texas 77007, USA or from:

Hambros Bank Ltd Attn: Stock Counter, 41 Bishopsgate London, England EC2P 2AA

SAINSBURY'S

"For the 6th successive year, profit before tax and profit sharing has increased by over 20%. In ten years profit has grown from £15.4 million to over £168 million, a compound annual increase of 30.4% which after allowing for inflation is equivalent to 17.6% real growth per annum."

1985

1984

Sir John Sainsbury

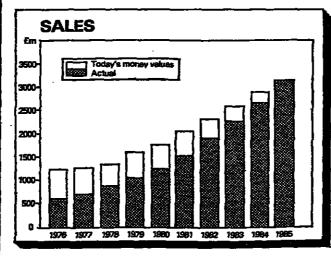
Other points from the Chairman's Statement:

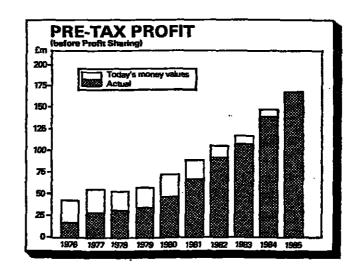
- * Sales in Sainsbury outlets increased by 16% to reach £3,071 million and in Homebase by 60% to £64 million. Supermarket volume growth was similar to last year's, at over 9%. Sainsbury's price competitiveness has been improved still further, particularly in relation to major competitors.
- * The Group's investment programme increased last year to the record figure of £246 million. The 15 new supermarkets opened had an average size of over 26,000 sq. ft., the highest ever. Homebase now has 23 stores, having opened a further 9 during the year with an average selling space of 46,000 sq. ft. per store.

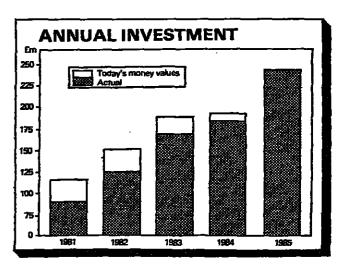
£ million	52 weeks to 23rd March	52 weeks to 24th March	% increase
Sales	3,135.3	2,688.5	16.6
Retail Profit	158.8	133.7	18.7
Net Margin	5.069	4.97	2%
Associates	9.7	6.0	60.1
Profit before Tax and Profit Sharing	168.5	139.7	20.5
Profit Sharing	12.1	9.7*	24.1
Tax	48.0	41.0	16.9
Earnings per Share (35% tax)	14.64]	p 12.26	p 19.4
Dividend per Share - net for year	4.501	9 3.75	p 20.0
*Restated on a comparab	le basis.		
		_	

RESULTS

- * SavaCentre opened its sixth hypermarket, in Edinburgh, where sales far exceeded forecast. In total, SavaCentre's sales increased by 17% to £235 million, whilst profits advanced by nearly a million pounds to £9.7 million.
- * The performance of the Group's Américan associate, Shaw's, was also satisfactory with sales advancing by 14% to \$812 million and profit before tax up by 11% to \$20.2 million.
- * Over 30,000 staff will benefit from profit sharing and receive in cash or shares the equivalent of about 4 weeks' pay. With the continued success of the employee share schemes, 13,500 staff, representing over a quarter of all our shareholders, now own Company shares.







Good food costs less at Sainsbury's....every year.

dwide

UK COMPANY NEWS

Taylor Woodrow teamwork achieves record turnover and profit

Mr. Dick Puttick, Chairman and Chief Executive, reports:

It is pleasing to be able to report that your company has achieved its twenty-fourth consecutive year of growth, with record levels of turnover and profit.

Set against the continuing background of intense competition and slender profit margins presently available in the construction industry, the attainment of these not unsatisfactory results is a reflection of the fine performance of the Taylor Woodrow team and the great breadth of the group's operations

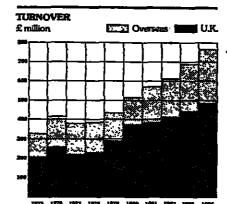
This year sees the fiftieth anniversary of the public flotation of Taylor Woodrow and this event provides me with a timely opportunity to renew the board's thanks to our shareholders for their loyal support over the years; the

continued maintenance of the free enterprise system, to which we strongly subscribe for its contribution to improving the quality of life worldwide, is greatly dependent upon such support.

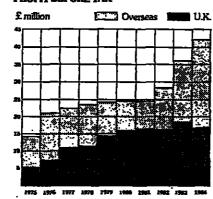
Whilst there continues to be a scarcity of major civil engineering projects in the home market, this has been compensated by an encouraging increase in the volume of building work secured.

1984 also saw further advances for our

NET EARNINGS PER SHARE







2578 1674 1977 1978 1979 1884 1981 1982 1983 1984

PROFIT AVAILABLE TO TAYLOR WOODROW pl 1975 1976 1977 1978 1979 1980 1981 1982 1983 1986 property portfolio, whilst

ACCOUNTS

The turnover of the group for 1984, including our share of related companies, was £777 million, an increase of 11.7% over the 1983 figure of £696 million. Profits on ordinary

elsewhere, housing and

also had a good year.

energy-related activities have

activities before taxation were £42.5 million

compared with £35.9 million for the previous year, and increase of 18.3%. Housing activities, particularly in North America, again showed a noteworthy increase whilst in the property sector gross rents moved up from £25.0 million to £32.2 million.

After deducting tax and minority interests, the balance remaining was £22.5 million compared with £19.5 million in 1983. After adding extraordinary items of £2.9 million the profit available for the year was £25.4 million. The 1983 profit available was £29.5 million which included an extraordinary item of £8.6 million deferred taxation adjustments arising from changes in corporation tax rates.

The board is recommending a final dividend of 11.0p per share which, together with the interim of 4.0p per share already paid, makes a total payment of 15.0p per share for the year compared with 12.25p in 1983 (after adjustment for the capitalisation issue

The Group had a positive cash flow in 1984 of £7 million, and liquid funds at 31st December 1984 were £82.9 million.

Properties were valued as at 31st December 1984 yielding a net surplus of £9

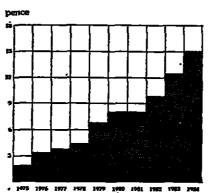
million which was credited to revaluation reserves. Shareholders' funds, including retained profits and the revaluation surplus. nowamountto£335.6 million, which equals 568p per share.

Once again I would emphasise that as some of the group's operations are longterm by nature the results should be judged over a period of years.

GENERALLY

Looking to the future, I feel that there are some grounds for greater optimism

DIVIDENDS PER SHARE



for our industry and we in Taylor Woodrow are certainly well-equipped to pursue any opportunities for the development of our business.

The operations of a group of our size would be impossible without the dedicated commitment of the teams of men and women working at home and overseas, often in uncongenial surroundings and in a difficult and demanding commercial world. The continued progress

shown by your company is indicative of the careful and loyal attention which our team members devote to the running of

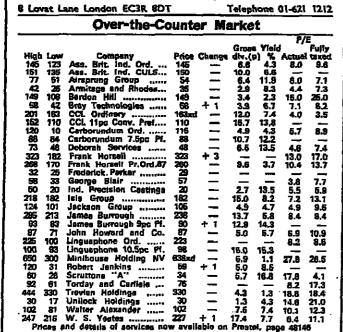
Particular appreciation is also due to all those who provide the resources to sustain our team; to our clients for the valued business which they continue to entrust to us, to the teams of professional people and the numerous suppliers and subcontractors who so ably assist in the carrying out of our work.



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WHITE OF THE THE PROPERTY



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B&A Film Interest costs hold back over £0.5m and progress continues

THE BREWING and hotel group Greenall Whitley has traded well in the half year ended March 29 1985. The operations of the state of the s A higher taxable profit of £511,561, against £434,051, was achieved in 1984 by British & American Film Holdings and the chairman, Sir John Woolf,

says that steady progress is continuing in the current year.

The final dividend is up from 2.825p to 3.213p, which lifts the total payment to 4.725p, against £10.56m. However, the inclusion of sur-

However, the inclusion of surplus on disposal of assets gives a pre-tax profit of £11.44m, an increase of 8.64 per cent over the comparable £10.53m.

The increase in interest charges, from £2.13m to £4.68m, reflects higher borrowings for recent acquisitions, particularly De Vere Hotels and Cellar Five off licences, the chairman Mr Christopher Hatton explains. The taxable result was made up of the holding company £305,054 (£300,721) and subsidiaries' contributions of £206,507 (£133,330). Sir John says the market value of B & A's listed investments at the year-end incressed to £8.27m (£6.1m) and the directors' valuation of unlisted investments was £107,804 Christopher Hatton explains.

(£558,784).
Part of the i norease in the value of listed investments resulted from the Stock Exchange listing during the year of First Leisure Corporation; this holding has been transferred to B & A's listed portfolio

subsidiaries' contribution was mostly the result of overseas earnings of "golden oldies." These past films stand in the balance sheet at a nil valuation and have not been included in B & A's year-end net asset value, excluding film rights, of 287.2p (226.3p) per 5p stock

unit/share.

Tax for the year amounted to £135,951 (£129,806) and there were extraordinary credits of £67,725 (£86,792).

Property trading boosts City Site

PROFITS OF the Glasgow-based property investor, City Site Estates, quadrupled in the half-year to the end of March 1985. Rental income rose by almost 10 per cent, but the bulk of the improvement came from the sale of several properties, which realised substantially more than

their cost price.

Interim payment is being increased by some 20 per cent from 0.34p to 0.41p. The company intends paying the same amount

Pre-tax profit was £504,000 (£120,000), with rental income rising from £199,000 to £218,000. Tax was higher at £198,000 (£36,000) earnings per share were 7.69p (1.63p), a rise of 372

The company is continuing to search for suitable acquisitions and expects to be able to announce its first purchase in England in the near future. The board is looking forward with confidence to announcing the full receivements. full-year's results.

Mr Louis Goodman, managing director, said yesterkday that most of the profit had been made on properties which the company had bought about is months ago specifically for trading. He hoped to be able to maintain profits in the future. The shares, traded on the USM gained 11p to close at 91p.

Woodchester Investments 80% ahead

Woodchester Investments, which leases and rents office equipment, achieved pre-tax profits of 1£901,000 for the year to end-March 1885. compared with £501,000, an 80 per cent increase. increase.
Gross revenue for this Dublin-

ased company, which acquired a full listing in December 1984, was ahead by £1.74m at £3.63m. The directors have increased the net dividend for the year to the net dividend for the year to 6.5p (5p), and they are proposing a one-for-one scrip issue. Stated earnings per ordinary share are shown higher at 26.12p (16.7p) basic, and fully diluted at 21.97p (16.21p) per ordinary and "A" ordinary share.

The results include the proportion of profits from the subsidiaries, Acorn Finance and Wheels Cork attributable to the period since their acquisition.

Greenall Whitley growth

ing profit showed an advance of 26 per cent to nearly £15m but higher interest charges took their toll on the trading balance, which rose only 5.5 per cent to

He says the profits from De Vere are coming through faster than first anticipated and

occupancy levels have improved in all the group's hotels. Following the purchase of De Vere, there is now a more seasonal bias towards larger profits being earned in the summer.

earned in the summer.

Breweries performed well in spite of a disappointing sales trend, partly the result of the bad weather in the early months of this year. Further useful pub acquisitions have been made out-side the traditional trading area,

side the traditional trading area,
Mr Hatton says.

The wines, spirits and soft drinks subsidiaries traded well.
The response of the tied trade to the introduction of the full range of Symonds' cider in March "has been excellent."

Major extensions to the Lord Cromwell Hotel in Connecticut, IIS opened some three months

U.S., opened some three months late and, in view of the size of this 300-bedroom hotel relative to the rest of the U.S. business, this factor had the effect of reducing the profits of Treadway March ced an ambitious rebuild

ing and improvement programme at the Grand Hotel, Brighton, partly financed by the insurance claim.
Mr Hatton remains confident that results of the broader based group for the year will prove satisfactory. In the year ended September 28 1985 the group made £28m pre-tax.

Earnings for the first half are 6.35p (5.54p) per share on the Limited Voting capital and 1.27p (1.11p) on the A ordinary shares.

leave the available profit for the ordinary at £7.55m (6.34m). comment

The 9p fall to 175p in Greenall's share price seems a harsh re-action to interim profits which were just a shade below most City expectations, especially as around £31m pre-tax for the year before property disposals. The brewing activities have under-standably had a lean time in the winter months with the decline in volume quite marked in the second quarter. But that was to be expected, it was the delay in refurbishing The Lord Crom-well hotel in the U.S. which slowed up the profits of Tread-way and caught the analysts' forecasts slightly off centre. Yet if the U.S. hotel profits proved slightly disappointing Greenill speaks glowingly of its De Ver purchase last year which doubled its domestic botel interests. The Limited Voting capital and 1.27p (1.11p) on the A ordinary shares. The interim dividend on the Limited Voting is 2.0726p net against 1.928p, while the A are entitled to one-fifth of that.

Turnover for the half year rose from £128.84m to £168.37m, surplus on disposal of properties with about one-third of borrow-from £128.84m to £168.37m, ings at a fixed price. After yesterday's dip in the price that takes £3.7m (£4m) and the preference dividend £194.000 again, to the sector.

United Friendly slips

PROFITS before tax at USM-accordingly. quoted United Friendly Insurance in the 1984 year slipped from £7.4m to £6.8m, but the

from £7.4m to £6.8m, but the directors are to recommend a final dividend 1.75p higher at 1.0p. This will make a total of 14.6p per share for the year, against 12.25p.

They report that during the latter part of the year non-life claims payments continued at a higher level than expected, especially on larger claims outstanding from previous years, and they have reviewed and increased these provisions

This has reduced the under-writing profit for the year underreview, which, they say, would otherwise have been at a similar level to last time.

They are confident that the provisions are now sufficient, and say that underwriting results continue to be satisfactory. They expect a favourable profit for the current year.

Tax was slightly down at 54.4m against 54.8m, after which earnings per share are stated to be 28.2p (31.1p).

CHELTENHAM GOLD UP TO 10.75% NET NO NOTICE. NO PENALTIES

Cheltenham Gold Account	Interest Paid	Net-%	Compounded Annual Rate%†	Gross Equivalent CAR%*
NEW HIGHER RATE \$20,000 or more	Annually	10.75	10.75	15.36
£500-£19,999	Annually	10.25	10.25	14.64
£1-£499	Annually	8.25	8.25	11.79
Cheltenham Gold NEW HIGHER RATE	d Monthly	Inter	est Account	
\$20,000 or more	Monthly	10.25	10.75	15.36

£20,000 or more	Monthly	10.25	10.75	15.36
£5,000 – £19,999	Monthly	9.8	10.25	14.64
Rates m	ay vary. Maximu	m investm	ent.pow \$250,000.	

*Gross equivalent to basic rate tax payers. †When interest added to account.

`⊇ Cheltenham&Gloucester Building Society

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(Incorporated with limited liability in Finland)

through its fully owned subsidiairy Kemira B.V.

has acquired

the Rozenburg fertilizer plant from Esso Chemie B.V.

The undersigned acted as advisor for Kemira Oy in this transaction.

BANK MEES & HOPE NV

January, 1985

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UK COMPANY NEWS

Howard advances 79% at six months

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Gross Equivalent C.4.R -:

Contraction and the second

The Howard Group, the holding company of two Lloyd's reinsurance brokers, which came to the USM last month, yesterday reported first-half pre-tax profits up 79 per cent and an expansion into the U.S. property insurance market.

Howard made pre-tax profits of £1.32m in the six months to March 31, against £736,000 when 1884 figures are adjusted for

1984 figures are adjusted for changes in the group's structure. Net broking income rose 37 per cent to £1.84m (£1.34m), while other operating lacome produced £669,000 (£534,000). Expenses totalled £1.19m Expenses totalled £1.19m (£1.14m). There is a £599,000 tax charge (\$372,000).

Earnings per share are 5.7p (2.7p). An interim dividend of

(2.7p). An interim dividend of 4.3p per share was paid prior to the placing
Mr Ron Peet, Howard's chairman, pointed out that the first half was traditionally less profitable than the second. The board fully expects the profit trend to continue to the second helf and be not less than the forecast pretax profits of £2.9m.

As envisaged in the placing prospectus, Howard has recruited two U.S. property insurance experts. The group's subsidiary, Anthony Popple, aiready

Anthony Popple, already specialises in reinsurance and direct insurance cover for U.S. principally in general

Howard shares, placed at a price of 129p, closed last night unchanged at 198p.

Curzon boosts Aspinall profit to £6.9m midway

Aspinal! Holdings, the UST 1 55.7m. Interest receivable and quoted casino operator, lifted similar income was up from pre-tax profits by 86 per cent from £3.71m to £6.88m for the half year to March 31 1985, helped by a £0.7m favourable turnround in investment contribution. Earnings per 10p share more than doubled from 3.6p to 7.8p.

Lifted similar income was up from risen to £3.5m, none of which is treflected in the results.

Substituting profits climbed by 65 and contribution from the new before investment profits of the contribution from the new following had to this increased holding had risen to £3.5m, none of which is treflected in the results.

Comment

A rise in the unlucky factor plus as full contribution from the new following had risen to £3.5m, none of which is treflected in the results.

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A rise in the unlucky factor plus before investment profits of the contribution from the new following had risen to £3.5m, none of which is treflected in the results.

Comment

more than doubled from 3.6p to 7.8p.

For the six months period, the Drop—which is the value of gaming chips purchased and the best casino business volume indicator—rose to £67.2m, a volume gain of 160 per cent over the £25.9m achieved by Aspinall's Club at the Knights-bridge premises during the comparable period of the previous year.

year.

In addition, the luck factor showed an improvement to 22 per cent compared to 214 per cent for the comparable period last year and 19.6 per cent for the full year ended September 30 1984.

The combination of these two factors resulted in a 166 per cent increase in the gross gaming win achieved (included in turnover) from \$55m to \$14.8m. turnover) from \$5.5m to \$14.8m.
Turnover for the period amounted to \$15.18m (25.72m).
The first half saw the completion of the first full year of operations of the Aspinali Curzon at the extensively restored premises in Mayfair. The results have exceeded expectations. The Drop at the Aspinali Curzon amounted to \$137.3m and the gross gaming Asyman current amounted to £137.3m and the gross gaming win, at 20.4 per cent, to £28.1m. Operating profits increased by 56 per cent from £3.65m to

Trading profits climbed by 65 ar cent from £3.83m to £6.33m. a ful contribution from the new before investment profits of £0.55m (£0.12m losses). Tax charge was £2.83m (£1.85m leaving a net balance well ahead from £1.85m to £4.05m.

In line with the policy envisaged at the time of the company's flotation in November.

from £1.85m to £4.05m.

In line with the policy envisaged at the time of the company's flotation in November 1983 there is no interim dividend. But as in 1983-84 (3p net) the directors intend to recommend a single annual payment for the current year, after the full year results are known.

The directors say that in the Australian joint venture, trading since October 1 1984 has been satisfactory, with increases being recorded in the Drop at both casinos over that of the

both casinos over that of the previous operator. These increases have not as yet flowed through to earnings because of the reorganisation of the operations being undertaken following the change of operator. ing the change of operator.

It would be inappropriate at must hold profits back for the this stage to reflect in the group's results its share of the results of the Australian operation to date, in view of the control of the control arrangements with the stage to reflect in the gains from the notes and the fund, pre-tax profits for the year. tractural arrangements with the film, the prospective multiple is other interested parties, the gl (41 per cent tax charge). This directors add.

is about right for a quality

McInerney holds 5p despite profits fall

A MUCH reduced contribution from its associated companies has hit the pre-tax profit of McInerney Properties in 1984, and it has fallen from 1£3.52m to 1£3.03m.

to LES.03m.

The group is engaged in construction and civil engineering. It is based in Dublin and also has extensive interests in the UK and Middle East. The associated companies accounted for £1.48m (£2.08m) of the profit and the group £1.55m (£1.48m). Included in the pre-tax balance this time was a £395,000 exceptional profit. tional profit.

rise in the "drop." the amount spent on chips) plus the income from investments made out of the businesses' cash flow. No profit has been realised on the \$70m U.S. Treasury Note holding—although there is a potential \$3.5m—and perhaps it is this that has led the market to down rate the shares by 11p to 150p. The \$10m invested with Sir James Goldsmith's "situation fund" was not placed until the end of the reporting period. The costs of running the new club (and the additional gaming duty payable on the increased gross winnings) have risen rather sharply, from £2.1m to £9.5m and this burden Overall, turnover moved up from £66.31m to £72.79m. Ireland accounted for £28m (£30.19m), with private housing £5.43m (£5.46m), housing contracts £15.36m (£16.4m), and other contracts and manufacturing £7.22m (£8.33m); overseas contributed £29.12m (£20.97m), with private housing £199m (£1495m), housing contracts £4.77m (£4.97m), and other contracts and manufacturing £4.43m (£1.05m); associates accounted for £15.68m (£15.17m) polit in the housing contracts split as to housing contracts £3.24m (£1.21m) and other contracts and manufacturing

tracts and ma £12.44m (£13.94m). After tax £151,000 (credit £301.000) and minorities £41,000 (£27,000) the net attributable profit comes to £2.84m (£3.8m), from which is deducted this time directors add.

The group's interest in US\$56m nominal of U.S. treasury notes has been increased to a total of \$70m nominal and as at May 14 1985 the profit accruing the following the first tax charge). In the first tax charge in the first tax charge). In the first tax charge in the first tax charge). In the first tax charge in the first tax

COMPANY NEWS IN BRIEF

Wold are coming to the USM via an offer for sale and not a placing as stated in yesterday's edition. At the offer price the shares are on a p/e of 12.

The interest rate for this week's issue of local authority bonds is 124 per cent, down is of a percentage point from last week, and compares with 101 per cent a year ago. The bonds are issued at par and are redeemable on May 28 1986.

A full list of issues will be published in tomorrow's edition.

who will own 20 per cent and be its chairman. The company will who will own 20 per cent and be dross revenue was up from January 5 1883, against a confirmant. The company will \$0.96m to £1.09m, but pre-tax parable £84,000 profit.

In the first instance acquire the revenue fell from £745,837 to The interim dividend is in name and main operating assets £605,927. Lower tax changes of effect held at 1.687p, with losses of Seaboard Wellhead Control £209,812 (£278,709) left net per share stated at 2p (earnings

(SWC), a subsidiary of the Sea-board Pipe and Equipment Group, which has been operat-ing under Chapter II of the U.S. bankruptcy code.

The bid by Berkeley Explora-tion and Production for Anvil Petroleum has been declared unconditional. It was announced yesterday that acceptances had been received in respect of 82.2 per cent of Anvil's share capital. of which 2.2 per cent had accepted the cash alternatipe.

F. R. Lioyd Holdings has accurred a majority stake in a wellhead equipment producer based in Houston, Texas, for [1.05m (£0.82m).

Lloyd will own 80 per cent of the Texas corporation it has formed with Mr. Matt Harwell total of 2p (same).

Gross revenue was up from

maintained at 1.4p, making a tor, has turned in a loss of total of 2p (same).

Gross revenue was up from January 5 1985, against a com-

Warnford Investments increased pre-tax profits from £3.72m to £4.21m for the year to December 25 1984, on turnover ahead by £524,000 at £5.5m.

The directors of this property investment group are proposing a final Sp (7.5p) dividend, lifting the total to 14.5p (13.5p). Stated earnings per 20p share are shown as 23.16p (19.48p). The amount transferred to reserves rose from £83,000 to

Cramphorn, the USM quoted garden and pet supplies distribu-

2.95m shares in the company—about 15 per cent of the equity—at 3341p a share, raising 19.8m. A company spokesman said the disposals were in line with an agreement on directory. sales made when the company was floated in 1983.

Higher interest charges and an exceptional bad debt have led to a £50,000 shortfall to £312,000 in the pre-tax profit of book publisher A. & C. Black in 1984. The directors believe the overall prospects are encouraging and are lifting the dividend from 9p to 9.5p net, with a final of

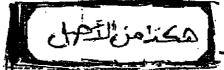
taking his shar.
Turnover rose from £3.22m to to 5.5 per cent.

Four directors and a former director of Telemetrix, the elec-tronics designer and manufac-turer, have between them sold

£4.73m and trading profit hit a record £462,000, against £372,000. However, net interest charges were up to £110,000 (£7,000) mainly as a result of funding acquisitions, and there was an exceptional £40,000 bad debt when a customer went into liquidation.

After tax £81,000 (£110,000) the net earnings are shown at 17.9p (24.8p),

Mr Brian Reynolds, chairman of MicroFocus and Mr Paul O'Grady, a director, each bought 30,000 shares in the company last Friday, the day after Microlast Friday, the day after Micro-Focus' share price fell by more than 50 per cent on the announcement of a profits slump. Mr Reynolds now holds 2,573,538 shares (21.1 per cent) and Mr O'Grady 1,370,015 (11.2 per cent). Mr Stewart Lang, a substantial shareholder, bought 10,000 shares on the same day, taking his share of the equity to 5.5 per cent.





Compsoft

Compsoft Holdings plc Summary of Group Results Year ended 31st March 1985

	1985	1984
Turnover	2,399,557	1,328,641
Cost of sales	347,642	165,097
Gross profit	2,051,915	1,159,544
Distribution costs	518,603	231,849
Administrative costs	736,182	388,292
Operating profit	797,130	539,403
Interest receivable	39,125	9,754
Interest payable	(66,310)	(53,598);
Profit on ordinary activities before taxation	760,945	495,559
Taxation on profit on ordinary activities	323,240	207,566
Profit for year on ordinary activities	437.705	287,993
Dividends	97,800	·
Retained profit for year	339,905	287,993
Earnings per share	5.9p	4.1p
Dividend per share	2.0p	

The Summary of Results is an abridged version of the groups financial statements which received an unqualified audit report and will be filed with the Registrar of Companies. EXTRACTS FROM THE CHAIRMAN'S STATEMENT

Introduction March 31 1985 marks Compsoft's first financial year end since we became a USM quoted company in July 1984. Turnover for the year at £2.4M (last year £1.3M) reflects both the increased penetration into the UK market and the start of our push into areas outside the UK. During this period we increased our UK turnover by 45% over the previous year. European sales in the first year of £508,000 were in line with our expectations. Profit before tax, at £761,000 (last year £488,000), was achieved despite the difficult year for the computer industry and the increased costs of developing new products and establishing Compsoft in the continental European market.

An overall impression of last year

The year was characterised by change.

The year was characterised by change.

We saw new products, new offices, new markets and, not least, new staff.

Changing from a private to a public company involved the Directors in three months of dedicated work during which time the company had to stand on its own two feet. It gives me great pleasure to note that the staff and, paricularly, the managers have risen to the challenge that this year has presented.

The group has fushed the year in a very strong position, with an excellent reputation for successfully producing innovative commercial products. The loyalty of our expanding dealer network has been strengthened at home, and the foundations laid in Europe.

Looking ahead

Most companies, after a year of so many changes, would be looking to a year of

Most companiconsolidation. mpanies, after a year of so many changes, would be looking to a year of However, the microcomputer software industry allows no such fuxuries. Now that we are becoming established in many European countries we are starting to

Now that we are becoming established in many European countries we are starting to see opportunities to set up small sales and support organizations outside the UK. During the next year we will be carefully monitoring the position in each country. In addition, the translation of our new products should be completed during the first half of the year for marketing during the second half. We are increasingly being approached by other small software companies which are under-capitalised, with a view to purchasing their products. While we have no immediate plans in this direction, we are constantly on the look out for well written and innovative

software. Meanwhile our own R & D staff are both enhancing our existing products and laying

meanwhile our own R & D star are noth enhancing our existing products and laying the groundwork for new ones.

The next major product release during the first-half of the year will be the networking version of DELTA 4, which is designed to run on the major network systems.

I look forward to another exciting and challenging year in which our new products and markets will continue to ensure that Compsoft remains at the front of the micro computer software industry.

Copies of the full annual report will be mailed to shareholders on 24 May 1985. Further copies will be available from that date from the Secretary, Compsoft Holdings plc, Compsoft Manor, Farncombe Hill, Godalming, Surrey, GU7 2AR. Telephone: 04863 25925.

Gerrard & tional PLC

Results for the year ended 5th April 1985

	1985	1984
Profit for the year	£5.154m	£10.117m
Total cost of Dividends	£4.008m	£3.590m
Disclosed Shareholders' Funds	£60.098m	£57.140m
Total Assets	£3,666.915m	£3,193.699m

Group Profit for the year. Group Profit after providing for taxation, minority interests and a transfer to Inner Reserves amounted to £5,154,000 (1984 £10,117,000).

Dividend. It is proposed that a final dividend of 10.2p (1984 9p) be paid on each Ordinary Share of 25p. When added to the Interim Dividend already paid of 3p (1984 3p) this makes a total of 13.2p (1984 12p) an increase of 10%. The proposed dividend on the Ordinary Shares of 25p each will be paid to Shareholders on the register at the close of business on the 3rd June, 1985.

Disclosed Shareholders' Funds. The Group's Disclosed Shareholders' Funds stand at £60.10 million compared with £57.14 million last year.

Total Assets. The Total Assets of the Group (excluding assets subject to repurchase arrangements) amount to £3,667 million compared with £3,194 million in 1984. Extracts from the statement of the Chairman, R. G. Gibbs

Review of the Year. It would be no exaggeration to say that the last financial year was one of the most volatile in the history of this country, thus giving your company a very unfavourable trading background. In view of this I am pleased to inform you that group profits for the year amounted to £5,154,000 after taxation, minority interests and a transfer to inner reserves. It has been a difficult but most stimulating twelve months in which turnover has been

considerably higher than previously, averaging well over £1 billion a day. Total Resources. Shareholders may be interested to know that we believe Gerrard and National now accounts for more than one third of the total resources of the London Discount Market compared with one eighth at the time of our merger in 1969.

The Future. We have applied to the Bank of England to become market makers in gilt-edged

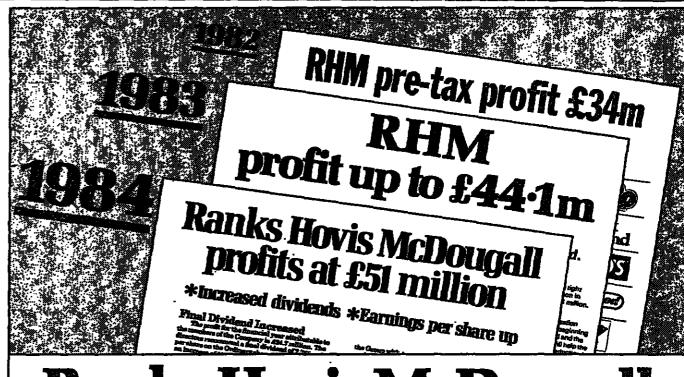
We intend to continue expanding all our present activities and particularly to increase our already extensive customer base. The closer relationship between money and capital markets, as well as the structural changes in the City, encourage us to explore further the various logical extensions to our traditional business.

We view the future with confidence and enthusiasm and are sure that there is, and will be, a role for the independent, international, fixed-interest specialist such as ourselves. We emphatically believe we are in the right place at the right time.

The Report and Accounts have been published

Gerrard & National PLC 32 Lombard Street, London EC3V 9BE. Tel: 01-623 9981

Members of the London Discount Market Association



Ranks Hovis McDougall profits at £36.5 million after six months

RESULTS

Group profit before taxation for the half-year ended 2 March 1985 amounted to £36,472,000 compared with £23,287,000 for the corresponding period of the previous year - an increase of 56%.

These results were achieved against a background of an improving economic climate and generally lower raw material prices although very competitive conditions prevail in the markets in which the group

operates. The benefits of improved efficiency resulting from our rationalisation programmes and the considerable efforts of our employees are reflected in these first half profits.

INTERIM ORDINARY DIVIDEND

The Board has declared an interim ordinary dividend for the year to 31 August 1985 of 1.84 pence per Ordinary Share (last year 1.60

pence per share). This dividend, together with the related tax credit of 30/70th thereof represents 2.629 pence per share (last year 2.286 pence per share).

OUTLOOK

I anticipate a satisfactory outcome for the full

Sir Peter Reynolds, Chairman

RESULTS IN BRIEF	Half year to 2 March '85 £m	Half year to 3 March '84 £m	Year to 1 Sept. '84 £m		
External sales	649.2	604.2	1,230.4		
Profit before taxation	36.5	23.3	51.1		
Taxation	12,1	5.9	14.4		
Profit attributable (after extraordinary items and minority interests)	17.0	13.6	24.4		
Earnings per share	8.0p	5.8p	12.3p		



PROGRESS CONTINUES

MINING NEWS

CRA unveils £3.8m

survival plan for

Prestax profit tops £3 million

	Year to 31st Dec. 1984	Year to 31st Dec. 1983
Turnover	£61m	£54m
Total pre-tax surplus .	£3.0m	£2.9m
Earnings per 25p per share	13.5p	12.3p
Dividend per 25p share	4.8p	4.4p
Net assets per 25p share	110.4p	102.5p

Earnings per share and dividends

Sound base for improving profitability

Tilbury Group PLC

Tribury House, Rusper Road, Horsham, West Sussex RH12 4BB For a copy of the Annual Report please apply to The Group Secretary

Construction · Roadstone · Plant Mechanical Services Residential and Commercial Development

BANQUE LIBANO-FRANÇAISE (FRANCE)

The General Shareholders' Meeting of BANQUE LIBANO-FRANCAISE (FRANCE) was held on April 18th 1985 to approve the accounts for financial year 1984.

At December 31st, the balance sheet total was FFr 6,026 million and the constituents liabilities where FFr 1833 million and the constituents liabilities and the constituents and the contingent liabilities were FFr 1,933 million. Customers' loans remained stable at FFr 3,020 million, while deposits, in fair progression, amounted to FFr 3,825 million.

After settlement of high provisions on feet the state of the settlement of high provisions on feet the state of the settlement of high provisions on feet the state of the state of the settlement of high provisions on feet the state of the settlement of high provisions on feet the state of the After settlement of high provisions to face the difficulties met in the traditional areas of the Bank activity, the financial year accounts showed a net profit of FFr 5.099 million.

The General Shareholders Meeting decided to appropriate the whole

net profit of the year to reserves. The capital stock including the subordinated loans will amount to FFr 175.7 million.

☐ Profit before taxation for the 3 months was

☐ Interim dividend 1.0p (0.85p equivalent first 3

 \square Sales rose from £69,504,000 to £104,081,000,

AGRICULTURE INDUSTRY DISTRIBUTION

WHERE IT ALL COMES TOGETHER

☐ Earnings per share increased by 21:9% to

£6,855,000 (1984 £4,745,000).

months 1984).

an increase of 49.7%.

3.84p (1984 3.15p).

Fisons to spend £14m on Italian and U.S. buys

Fisons, the UK pharmaceutical concern, is to spend a total of £14m on two overseas acquisi-tions—Carlo Erba Strumentazione of Italy and Austin Biological

of Italy and Austin Biological Company of the U.S.

The acquisition of Carlo Erba is to cost £12.5m. The company, being acquired from Farmitalia Carlo Erba makes instruments for scientific analysis, specialising in the field of gas chromatography. Sales in Italy, West Germany, the UK and the U.S. total £20m.

The second purchase Austin

The second purchase, Austin Biological, is to cost U.S.\$2m (£1.6m). The company, described as a supplier of micro-biology products, is to be merged with prison exhibitions. Fison subsidiary Curtin Matheson Scientific in the U.S. Curtin Matheson is primarily a distributor of scientific equip-ment, and Fisons has acquired a series of manufacturing com-panies whose products can be put through the Curtin sales net-

It was also announced yester-day that Fisons is shortly to seek official registration for its new respiratory drug, Nedocromii, a compound for the treatment of



Mr John Kerridge, chairman of Fisons

the treatment of allergy-induced respiratory diseases, and its anti-asthma drug disodium cromo-glycate—sold under the brand name Intal—is the leading prescription drug for asthma prevention

compound for the treatment of prevention asthma and other respiratory diseases.

The chief drawback to Intal has been the fact that it can only be applied by inhalants or nasal

sprays. Attempts to produce an oral form of the drug, under the name Proxicromil, ended in failure several years ago. Although the company would not apply the company would not be the company with the company would not be the company with the company would not be the com believed that Nedocromil, which is chemically distinct from

disodium cromoglycate, will be taken in oral form.

It is understood that the new drug should come to the market late in 1986. Registration is being sought in the first instance in certain European territories, said Fiscas.

At yesterday's annual meeting Fisons chairman, Mr John Kerridge, said that the com-Kerridge, said that the company's expectation of aboveaverage growth had been encouraged by trading in the first few
months of 1985. He took issue,
however, with recent Government measures affecting the
pharmaceutical industry.

"The location of future
research investment has to be
viewed against a background of
considerable discouragement by
the Government," he said.

the Government," he said.

"Fisons will deploy its resources internationally, and it is regretable that our home base in the UK is made to be so unattractive by ill-conceived Government actions.

Oyez trading growth continues

THE Solicitors' Law Stationery reduce payments to the com-

Pergamon already controls about 75 per cent of Solicitors' shares, having acquired the 50.2 per cent stake held by Thomson THE Solicitors' Law Stationery reduce payments to the composition of the four many's pension scheme over the should avoid avoid schools supply group, said present trading was better than last year.

Solicitors', which trades under the name Oyez and which has reluctantly endorsed the bid, said turnover for the four months to the end of last April was a head of last year's equivalent figures, which it described as "most encouraging."

The Robert Maxwell's reduce payments to the company at £4m.

Pergamon already controls should 75 per cent of Solicitors' shares, having acquired the 50.2 oper cent stake held by Thomson Organisation three weeks ago.

Solicitors', which trades under the terms of the bid, Solicitors' shareholders can either acept a one-for-two share offer from Hollis or a 35p cash offer from Pergamon Pres, another of Mr Maxwell's company controlled by Pergamon was prepared to either offer. Those willing to be minority shareholders in a norther of Mr Maxwell's company controlled by Pergamon was prepared to either acept a one-for-two share offer. Those willing to be minority shareholders in a norther of Mr Maxwell's company controlled by Pergamon already controls should avoid over funding advised that this would avoid over-funding. Savings are expected to amount to about £1.5m.

Under the terms of the bid, Solicitors' shareholders can either acept a one-for-two share offer. Those willing to be minority shareholders in a company controlled by Pergamon should accept the Hollis share offer.

The company at £4m.

Bibby ahead in first quarter

J. Bibby & Sons, the agricultural and industrial products group acquired for £274m last October by Barlow Rand, lifted pre-tax profits by 44.5 per cent to £8.86m in the three months to March 30 1985, compared with £4.75m for the same period last

The board has decided to change the company's financial year-end to September 28, so as to conform with Barlow Raud. which is South Africa's largest industrial company.

Bibby's sales rose by some 50 per cent in the 13 weeks to f104.08m (f69.5m). Attributable profits, after tax of £2.74m (£1.87m), were ahead from

Overall, the Chairman is confident that,

subject to unforeseen circumstances, Bibby will again achieve a good performance for the

The Company is reporting on interim results on only 3 months trading to March 30, in line with a new year-end of September 28, 1985.

Richmond House, 1 Rumford Place, Liverpool L39QQ.

J.BIBBY & SONS PLC

In the interim....

After allowing for higher rates

of tax, earnings per share for the quarter increased from 3.15p to 3.84p—the figures have been adjusted for the recent £28m rights issue,

sights issue.

Shareholders will receive an interim dividend of 1p per share based on the three months results. This represents an increase of 17.65 per cent, when compared with an equivalent dividend adjusted for the difference in period reported this time.

A 1.7p-dividend was-paid in respect of the first half of 1984. Retiring chairman, Sir Leslie Young, said he was confident that the company would again achieve

He added that substantially interest charges of (£288,000) in the reflected the active acquisition policy to which the company was committed together with high interest rates.

Because the major proportion

The industrial division con-tributed trading profits of £2.41m (£2.11m), the agricultural side made £3.03m (£2.87m) and the

of the rights proceeds were not received until the end of March, the resulting interest benefit did not materially affect profits for

distribution £2.15m (nil). operation added

Burmah rejects new Heron approach

By Lionel Barber
Burmah Oll, currently valued
by the stock market at more second bid approach from Heren International, Mr Gerald Ronson's privately-owned property, petrol station and insurance

Burmah yesterday disclosed that Mr Ronson had met Mr John Maliby, Burmah's chairman, last Sunday at Mr Ronson's London

It is understood that Mr Ronson sought the agreement of the Burmah board for a takeover bid but was rebuffed. No formal offer was made, though figures were discussed.

licised last week in a six-para-graph statement, that it could graph statement, that it could not see any benefit in an amalgamation with Heron.

Mr Malthy said yesterday that there were no plans for a further meeting with Mr Ronson. He described last Sunday's meeting

as "amicable."
Herold holds around 4 per cent of Burmah, but Mr Ronson is understood to have told Mr Maltby that he has neither bought nor sold any further Burmah shares and that he intends to remain a shareholder

in the group.

Burmah, which nearly collapsed in the wake of the 1974 oil crisis, last month reported pre-tax profits of £70m, up from £65m last year. Most of the rise came from highly profitable Castrol oils business, widely regarded as the most desirable part of the Burmah group. Heron International, the hold-

ing group for Mr Ronson's interests, made pre-tax profits of £26m on turnover of £688m in the year ended March 1984. Mr Ronson was unavailable for comment last night.

Dee sells its **Booker stake**

THE SHADOW cast by super-markets group Dee Corporation over Booker McConnell was finally lifted yesterday by Dee's \$44.7m sale of its 13.8 per cent holding in the food distribution, health and agricultural products

health and agricultural products group.

Dee sold a quarter of its 20 per cent stake in Booker before launching a £357m bid in February—a tactic which surprised the City. An earlier bid had been referred to the Monopolies Commission last June.

When Dee's bid failed in April with acceptances from only 16.7 when Dee's hid falled in April
with acceptances from only 16.7
per cent of Booker's equity, it
announced that it would dispose
of the entire holding and sold

per cent. All the remaining 17,52m sbares were sold through the market yesterday to a broad range of investing institutions at 255p. The highest price Dee had paid was 191p.

ATC to lift dividends

Allied Textile Companies, fits for the current year would which is fighting a £14m take-show further increases from over bid from London & Mid-both textile and financial acti-

over bid from London & Midland Industrials, said yesterday that it intended to increase dividend payments this year by about 75 per cent over 1984's distribution.

The statement was made in a letter to shareholders detailing ATC's proposed acquisition of the unquoted Mayfield specialised textiles group—a deal conditional on LMT's bid failing.

ATC, which reported pre-tax profits up 42 per cent to £4.17m in the year to last September. said it was confident pre-tax pro-

COMPANY NEWS IN BRIEF

Cifer, the microcomputer and terminal manufacturer which has terminal manufacturer which has just undergone its second reorganisation in less than a year, said yesterday that the current order book was "very satisfactory." The interim figures would show the expected loss as a result of the restructuring but in the last mouth of the first half a near break even was achieved on trading and the improvement is continuing.

* * * * *

The directors of Blackwood
Hodge (Canada) report a continuing improvement for the
first quarter ended March 31

a reduced rate of C\$212,000, compared with \$368,000. There is no tax charge and the loss is equal to 9 cents (15 cents) per share.

Sales and rentals for the period rose to \$20.93m (\$19.75m) but the profit before interest charges fell to \$609,000 (\$969,000). The company is controlled by the UK based earthmoving and construction equipment group. equipment group.

* * *

In response to the 1.33m ordinary shares offered by Nationwide Leisure by way of a rights issue, some 946,051, accounting for 71 per cent. were pany to incur a loss in that The balance has been sold in period. This it has done, but at the market.

entered into arrangements with the New South Wales Government which, together with agreements made previously with Cobar's workforce, would result in the satisfactory implementation of the survival plan.

The company warned recently that it would be forced to close Cobar of the survival plan. Burmah repeated its view, pub-

Cobar after accumulating losses of A\$35m, putting 280 jobs at risk, unless work practices were changed and the state railways reduced freight charges.

CRA declined to be more more than the charge of the charges.

BY GEORGE MILLING-STANLET

THE FUTURE of the Cobar base

metal mine in New South Wales, Australia, seems assured with

yesterday's announcement from CRA, the Australian arm of the Rio Tinto-Zinc Group, of a AS7m

(£3.8m) investment programme develop the mine's lower

specific yesterday about its arrangements with the state authorities, or to comment on whether these involved any reduction in rail charges, saying only that more efficient loading

its Cobar mine

and unloading of raff cars The workforce agreed earlies this month to major changes in working practices and to new procedures for the resolution of disputes. These changes will permit both the mine and con centrator to be operated con-tinuously, and are expected to lead to significantly higher

Annual production is expected to rise in the first instance to some \$50,000 tonnes of ore; and some 850,000 tonnes of ore and CRA plans a further rise to about im tonnes within two years. This compares with last year's rate of 650,000 tonnes of ore, which produced 38,000 tonnes of copper 27,000 tonnes of zinc and 10,000 tonnes of lead, all contained in

tonnes of lead, all contained in concentrates.

The Cober mine had been at best a marginal venture for some years, and the development of the lower-level orebody had become crucial as there is only enough ore remaining in the upper levels for a few weeks operation.

MINING NEWS IN BRIEF

A copper mine and processing plant in the Philippines, formerly owned by the now-defunct Marln-duque Mining and Industrial Corporation, are to be re-opened soon, reports Leo Gonzaga in Manila. The operation was closed

manial. The operation was closed down two years ago.

The newly-formed Maricalum Mining Corporation, which has succeeded Marindue as owner of the property, said that Japan's Marubeni Corporation is to provide a cash advance of U.S.\$12m 159 4m as working canital on)£9.4m) as working capital, on concessionary terms and without any guarantee from the Philips Government.

Marubeni will be repaid in the form of deliveries of copper concentrates over the next five years, with Maricalum retaining the option to suspend deliveries at times of low copper prices.

Production from South Africa's gold mining industry fell slightly in April, according

to the figures released by the country's Chamber of Mines Last month's total was 1.748,202 ounces, which compares with the March figure of 1.851,359 oz and the total for April last year of 1.813,001 oz.

The latest figure brings the cumulative total for the first four months of 1985 to 7.269,131 oz, still ahead of the 7.206,385 ozproduced at the same stage of last year.

last year.

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PET SE

Freeport-McMoRan of the U.S. plans to raise at least \$20m efter taxes through a public offering of 4m shares, or 10 per cent of its wholly-owned subsidiary Freeport-McMoRan Gold.

The funds raised by the offer, which is expected to be made at a price between Sid and Siz per share, will be used primarily to reduce the parent company's long-term debt, with the re-mainder earmarked for the subsidiary's general corporate poses.

THE HOWARD GROUP PLC

UNAUDITED RESULTS OF THE GROUP FOR THE SIX MONTHS ENDED

31SI MARCH		ere transfer
	ouths to ch 1985 3 £000s	6 mooths to 1st March 1984 £000s
Net retained brokerage	1840	1339
Other operating income	- 669	534
Expenses	(1192)	<u>(1137</u>)
Profit before taxation	1317	736
Texation	599	372
Profit after taxation	718	364
Minority interests	52	<u></u>
Profit auributable to shareholders Ordinary dividend	666 500	311
Profit retained	166	311
Earnings per Ordinary Share	5.7p	27p

(i) There has been no change in the accounting policies which are as set

(i) There has been no change in the accounting pounts winch are usses out in the prospectus.

(ii) The figures for the six months ended 31st March 1984 are those that would have been presented if the structure of the Group at the end of March 1985 had been in existence throughout that earlier period.

(iii) Earnings per share are calculated on the basis of the 11,614,496 shares in issue following the placing in April 1985.

COMMENTS BY THE CHAIRMAN MR R H. PEET

This is the first report of your Company since its admission to the Unlisted Securities Market in April of this year and the Board of Directors takes this opportunity to welcome all new sharehol-

As indicated in the prospectus, a significant increase in profits was forecast and the half year results have fulfilled this projection. Brokerage has increased by 37% whilst pre-tax profits have

An interim dividend of £500,000 being equivalent to 4.3p per share on the shares now in issue was paid prior to the placing to the then existing shareholders

Historically the Group has produced stronger results in the second half of the financial year than it has in the first half your Board fully expect that trend to continue in the six months ending 30th September 1985 resulting in full year's figures which are expected to be not less than the forecast profits before taxation of £2 9m included in the prospectus.

As envisemed in the prospectus.

As envisaged in the prospectus the Board is pleased to announce the recruimment of two US property insurance experts and looks forward to success in this new venture.

21st May 1985 Copies of the Interim Statement can be obtained from: The Secretary The Howard Group PLC, 46 Aldgate High Street, London EC3N 1AL.



THE PIONEERS OF DOMESTIC DOUBLE GLAZING.

Weatherseal Windows pioneered domestic double glazing in Britain and today retains its reputation for technical innovation and quality in the fields of double glazing, replacement windows, residential and patio

Weatherseal Windows is one of many leaders in London and Northern Group PLC, including United Medical Enterprises, Britain's leading name in the fast growing world healthcare market; Pauling, established in overseas civil engineering for over a hundred

years; Blackwell/Tractor Shovels, Britain's leading independent earthmover, McMillan. (Offshore), suppliers of specialist personnel for the North Sea Oil Industry; Steel Stockholders, Britain's leading steel profiler, and Edenhall, Britain's leading manufacturer of concrete facing bricks. Send for the latest London and Northern

Annual Report and find out more about a Group with a turnover in excess of £250m and. which continues to extend its interests in

LONDON AND NORTHERN Essex Hall, Essex Street, London WC2R 3JD Tel: 01-836 9261

■ United Medical Enterprises. ■ Anglo-Gaelic. ■ Blackwell. ■ Tractor Shovels. ■ Border Engineering. ■ Cameron-Farquhaz. ■ Fletcher Builders. ■ Pauling. ■ Edenhall. ■ Eskett Quarries. ■ Northern Land Contractors. ■ Weatherseal. ■ John R Adam. ■ Cavendish Petroleum. ■ McMillan Offshore. ■ PCL Packaging. ■ J&W Robinson. ■ Steel Stockholders. ■ Tactico

AVERTACEA ASSESS OF THE PROPERTY.

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1980

HEW YORK

LONDON

FT Ord

FF-SE 100

FT-A 500

Tokyo SE

AUSTRALIA

All Ord.

BELGIUM

CANADA

FRANCE

CAC Gen

WEST GERMANY

FAZ-Aktien

HONG KONG

Hang Seng

Banca Comm

NETHERLANDS

HORWAY

Oslo SE

SINGAPORE

Straits Times

SOUTH AFRICA

JSE Industrials

Madrid SE

SWITZERLAND

Capital Int?

Swiss Bank ind

SPAIN

J&P

WORLD

London

Zürich

Parls (fixing)

New York (June)

Silver (spot fixing)

Oil (spot Arabian light)

Copper (cash) Coffee (July)

ANP-CBS Gen

Beloian SE

Toronto Metals & Minis

Copenhagen SE

Métals & Mins.

FT-A All-share

FT Gold mines

FT-A Long gilt

DJ Industrials

DJ Transport

S&P Composite

1981

STOCK MARKET INDICES

May 21

163.57

189.64

1.020.2

641.92

10.74

574.1

95.09

189.35

2,233.78 2,236.51

1,309,70 1,304.88

1.334.1 1.330.8

IN BRIEF

GROUP PIC

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100

- 0.75 - 2.35 - 2.56

NEW YORK STOCK EXCHANGE 30-31 AMERICAN STOCK EXCHANGE 31-32 U.S OVER-THE-COUNTER 32, 36, 42 WORLD STOCK MARKETS 32 LONDON STOCK EXCHANGE 33-35 UNIT TRUSTS 37-39 COMMODITIES 40 CURRENCIES 41

KEY MARKET MONITORS

FT-Actuaries All-Share Index

1982

Previous

626,99

164.70

189.72

1.016.0

639,68

700,92

10.73

12,650.18 12,559.10 10,165.00

583.8

94,47

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221.9

123.2

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1,612.22 1,638.47 893.01

318.74 317.40 205.98

207.8

170.5

341.52 336.73 294.84

9425

825.58 828.96

110.77 110.67

435.2

212.8

GOLD (per ounce)

1,396,35 1,417,55 1,485,91

432.3

209.7

May 21 \$317.50

\$315.25

\$315.63

\$316.30

437.06 347.44

991.22 986.07

1983

Year ago

1;125.31

470.47

154.73

856.3

511.07

559,90

655.2

10.57

798.48

473.1

90.1

165.5

132.1

930,43

979.1

85.77

373.4

Yearage

179.6

Prev \$323.25

\$323.75

\$323.95

\$324.50

Prev 509.10p

1000

1930

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\$317.95 \$314.00

Mey 21 Prev 486.50p 509.10p £1,174.00 £1,168.50

£2,076,50 £2,055,00

Lira

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1984 1985

CURRENCIES

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2.5625

3.428

1,937.0

DITEREST RATES

U.S BONDS

10152

1061%e

104 1/2

Price

99½ 78%

80%

10315/2 10.852

May 21°

100 11.80

12% Dec 2012 99.213 .12.35 99.213 12.35

FINANCIAL FUTURES

75-08 75-11 74-31 75-14

92.74 92.74 92.68 92.75

92.26 92.25 92.18 92.26

91.94 91.97 91.90 91.96

105-19 106-01 105-19 105-30

Latest

10.59

9,25

60.95

STERLING

1.2825

3.8925

320.0

11.845 3.27

4.3975

78.2

1.756

1211/18

8%s 8%s 7% 7.6 7.245

Price Yield

104% 10.56 1032 10.82

Prev

80%

96%

9.25 11.50

11.25

11.35

100 11.80

9.08 101% 9.03

10.42 1061 10.42

Yield Price

2,484.5

May 21

1*.2*72

3.895 318.5

11.87

3.2875

2,483.0

78.3

1.745

12% 5%

U.S. DOLLAR

May 21

3.067

9.355

2584

3.4575

1,951.5

3-month U.S.\$ 6-month U.S.\$

(3-month offered rate)

FT London is (offered rate)

1987

1992

.1995

3% July 1990

8% May 2000

Abbot Lab

11.80 Feb 2013

8% 32nds of 100%

\$1m points of 100%

\$1m points of 100%

\$1m points of 100%

£50,000 32nds of 100%

June

June

LONDON

U.S. Treesury Bills (MM)

Certificates of Deposit (IMM)

Xerox 10% March 1993 96%

Federated Dept Stores

40% May 1993 - 96% 11.35

Diamond Shamrock

11% 2015

AT & T

11%

SECTION III - INTERNATIONAL MARKETS

FINANCIAL TIMES

Wednesday May 22 1985



Firmness around records

FIXED interest and equity sectors marked time on Wall Street yesterday. consolidating Monday's gains, writes Terry Byland in New York.

The downgrading of official estimates of first-quarter GNP growth failed to change views on the pace of the U.S. economy. Modest profit-taking in bonds, hardly unexpected after the strong rise of the past week, took a quarter point or so off the long end. Stocks rallied from a similar bout of selling and edged marginally forward to new peaks at mid-ses-

In the stock market, turnover was still very heavy as prices churned around overnight levels. There was some selling at first but prices soon rallied and moved forward again. A sudden waft of buying of blue chip stocks in the final hour left the market looking very firm.

The Dow Jones industrial average ended a net 4.82 points up at a new peak of 1.309.70. Across the broader market, however,

prices shaded lower. Turnover, boosted by the late buying totalled 130.6m shares, only 17m below Monday's figure.

The downgrading of GNP growth esti-mates from 1.3 per cent to 0.7 per cent was less sharp than expected in some quarters, and some analysts warned that the bond markets may have exaggerated the slowdown in the economy. However, views remained split, with some credit market professionals hint-ing that another cut in Federal discount rate may not be far away.

Leading stocks showed small mixed changes. Motor issues held firm, General Motors added \$% to \$70%, Ford \$% to \$43% and Chrysler \$% to \$36%.

Pharmaceuticals, hoping for a re-newed slide in the dollar, were higher, with Merck providing the best feature with a gain of \$2% at \$108%. The most dramatic mover was Unocal

which made a delayed start after Mr T. Boone Pickens had accepted defeat in his fight to gain control. Unocal stock reopened sharply lower to reflect the board's intended stock buyback price. At \$35%, the shares were \$10% off. Also trading on a when-distributed form were the new stock to be issued to stockholders, priced in the market at \$33, down

IBM held steady at \$133 after a dull start and other technology issues tried to follow suit. At \$61%, Honeywell added

Airline stocks also attempted to join in the mid-session rally but were held back by the strike by United Airlines pilots which could have significant implications for the industry. United at \$46% slipped by a further \$%, and other domestic carriers to turn down included American, \$% off at \$45%, and Delta, \$% off at \$45%.

Pan American touched another peak at \$6%, a net gain of \$% in heavy trading. Wall Street continued to give its mark of approval to the planned merger of Allied and Signal. At \$40%, Signal shaded by \$% but topped the active list, while Allied, also \$% lower at \$42 was also ac-

Oil stocks remained a shade easier, although the outcome of the Unocal-Pickens fight has important implications for the bid-racked oil sector. Chevron added \$% to \$35% and Mobil \$% to \$31 but Atlantic Richfield at \$61% held steady and Exxon gained \$\% to \$52\%.

A weak feature was Taft Broadcasting, \$1% down at \$74% after agreeing to sell five radio stations to CBS, itself \$1/2 off at \$111%.

May Department Stores, \$1% up at \$51 was the bright spot in a dull retail sector, where J. C. Penney was unchanged at \$49% after disclosing a sharp dip in

first-quarter earnings.
In the meantime, the Treasuries market was content to digest its recent gains while awaiting some hint of the outcome of yesterday's meeting of the Fed's Open

Market Committee (FOMC). Electronics and defence issues moved erratically in response to the recent Senate votes on budget cuts, which would affect federal spending. General Dynamics shed a further \$2% to \$69, and Boeing, \$% off at \$63% and McDonnell Douglas, \$1 down at \$74 were also weaker.

Westinghouse, however, came in for support, gaining \$1 to \$34 in active trad-

ing.

There was very little recovery in money market rates, after the heavy fall of the previous session. Federal funds remained below 8 per cent, and gains of four basis points or so in Treasury Bill and CD rates was of little significance in terms of market opinion.

LONDON

Early gains prove hard to retain

AN EARLY burst of enthusiasm after Wall Street's overnight performance sent London sharply higher in early trading, but the market soon ran out of

The FT Ordinary share index, which rose to within 3 points of its all-time high, later faded to close up 4.2 at 1,020.2.

Gilts also received an early lift as a result of foreign demand but gains were later reduced after erratic movements in both sterling and the dollar.

Chief price changes, Page 32; Details, Page 33; Share information service, Pages 34-35

AUSTRALIA

AN OVERNIGHT drop in the interna-tional bullion price coupled with profit-taking to take most stock prices lower in

The All Ordinaries dropped 6.4 from Monday's record to end at 898.0 The gold index shed 18 points to 983.6.

Gold Mines of Kalgoorlie gave up its previous day's gains to end 50 cents low-er at A\$10.10 and Kidston Gold Mines lost 20 cents to A\$4.40.

Blue-chip metal miners were also lower, with CRA off 10 cents at A\$6.56. The company announced it has reached agreement on a survival plan for its Cobar copper mine.

SINGAPORE

LOWER than expected economic growth figures for the first quarter prompted profit-taking in Singapore and shares closed generally easier after early firm-

The Straits Times industrial index shed 3.38 points to 825.58. Genting, one of the few stocks to move

against the trend, added 5 cents to S\$6.50. Hotels and properties were narrowly mixed, while commodities were

Among other blue chips, Sime Darby shed 6 cents to S\$2.10, giving up gains from the previous session, and Singapore Press and Malay Banking both lost 5 cents to S\$6.05 and S\$6.35 respectively.

SOUTH AFRICA

A CONTINUED weakness in the price of bullion took gold shares in Johannesburg lower in active trading.

Vaal Reefs shed R6 to R187 and Beatrix dropped 25 cents to R8.65.

Barclays Bank, which followed the trend and cut its base lending rate, gained R1.50 to R20. Rembrandt, the tobacco group, also rose, adding R1.50 to

Mining financials and platinums eased in sympathy with golds, however, and Anglo American lost 10 cents to

CANADA

TORONTO reached its fourth straight record close in very heavy trading, despite a late slump.

Interest remained active in Lac Minerals, which is considering a merger. The issue rose CS% to C\$33%.

In other mines, Noranda was most active, losing C\$\% to C\$14\%. Campbell Red Lake put on C\$\% at C\$29 and Placer added C\$% to C\$26%.

Montreal also closed higher in brisk trading with banks, utilities and industrials all up.

EUROPE

Frankfurt's peak form -continues

CARRIED by Wall Street's momentum, Frankfurt reached its ninth peak in the past 11 trading days and other European bourses also showed solid gains.

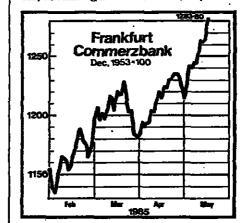
investor interest flowed into a broad range of sectors with banks and insurance groups again receiving most atten-tion as U.S.-inspired hopes for lower in-terest rates took hold.

The overnight record on Wall Street gave buyers control throughout most of the day, although profit-takers asserted their influence in the afternoon to leave several markets below their peaks.

Foreign buyers were again in evidence in Frankfurt, lending weight to domestic support which combined to leave the Commerzbank index 5.0 high-

er at 1,283.80. Motivated by expectations of future profits, the Commerzbank closed DM 4 higher at DM 185. Dresdner also rose, up 80pfg to DM 226, and Deutsche Bank was DM 4.50 higher at DM 487.20.

Porsche led a generally strong car sector, advancing DM 12 to DM 1,187, while



Volkswagen firmed DM 2.90 to DM 244.70 and BMW DM 7.50 to DM 380. Following further details on Daimler-Benz's purchase of Dornier, the car producer's shares rose DM 3 to DM 731.

Among chemical groups, Bayer fell to profit-taking but closed 30 pfg higher at DM 224.80 – DM 1.20 below its peak for the day. BASF moved in a similar fashion but ended down 40 pfg at DM 213.10. after an initial gain of DM 1.40. GHH added DM 4 to DM 150 in line

with a generally strong engineering sec-tor, which also pushed KHD 50 pfg higher to DM 243.5.

Bond prices closed higher in active trading, sharing the hope of lower inter-

Paris resumed its march forward and the CAC cord, up 1.1 at 223.0. The bourse benefited from an encouraging report by the French central bank on future industrial activity.

The construction sector came under sustained buying. Bouygues stood out with a FFr 50 rise to FFr 850 and Poclain improved FFr 4.60 to FFr 74.50.

Drink groups were again on the rise, with Moet-Hennessy adding a further FFr 29 to FFr 1,930, while Pernod firmed FFr 3 to FFr 757.

Amsterdam stocks held their early rises with banks at the forefront of buying interest. The index covering the sector added 6.6 to finish at a record for the

year of 307.4. ABN added FI 3 to FI 442 and NMB

was Fl 2.20 higher at Fl 172. Insurers were also firmer, led by Ae-

gon up FI 3 at FI 194 and Natned FI 1.90 higher at FI 65.50.

Among blue chips, Royal Dutch firmed Fl 1.10 to Fl 204.80 and Akzo was 70 cents higher at Fl 108.80.

Buyers in Zurich also concentrated attention on banks and insurance groups, although trading was heavy in every sector. Bank Leu added SwFr 60 to SwFr 3,800, with UBS SwFr 50 higher at SwFr 3,900 and Swiss Volksbank reg-

istering a SwFr 40 rise to SwFr 1,570.

Trading remained lively in Brussels, however price movements were margi-

On speculation that a group of Flemish shareholders, who recently set up a holding company to manage Vieille-

Montagne, may be preparing to seek control, the company's shares added BFr 10 to BFr 6,960. Stockhoim was the only continental European bourse to lose ground as do-

Oil companies predict

during summer, Page 40

shaky market

mestic economic concerns outweighed Wall Street's influence. Prices fell in all sectors, with move-

ments sharpest among trading compa-

Volvo, Sweden's largest industrial group, continued to trade amid doubts about its future profit course and eased SKr 2 to SKr 242. Ericsson moved against the trend and closed SKr 4 higher at SKr 294 on foreign buying interest.

The tempo of trading in Milan remained high with selective buying in bank, food and insurance companies. Madrid prices were marginally high-

TOKYO

Weaker yen triggers profit-taking

WALL STREET'S overnight record pushed share prices substantially higher across a broad front in Tokyo yesterday,

writes Shigeo Nishiwaki of Jiji Press.
But the upward trend slowed somewhat toward the close under profit-taking, triggered by the yen's weakness against the U.S. dollar.

The Nikkei-Dow market average, which was 110.75 higher at one point, closed 91.08 points higher at 12,650.18 compared with its record of 12,683.26 set on April 3. Advances outnumbered declines by 477 to 320, with 138 issues un-changed. Volume swelled from Monday's 422m shares to 606.57m.

Low-priced large-capital issues attracted strong buying interest. Mitsub-ishi Heavy Industries topped the most active list with 31.14m shares changing hands and rose Y5 to Y278. Nippon Steel advanced Y2 to Y153.

Nippon Yakin Kogyo, the second most active stock with 25.24m shares traded, jumped Y15 to Y479 on the strength of its development of amorphous alloy moulding technology.

Stock in trading houses changed hands briskly on expectations of lower interest burdens. C. Itoh, the third busiest stock with a turnover of 24.79m shares, added Y15 to Y403, Mitsubishi Y14 to Y577 and Sumitomo Y22 to Y705.

Among other improvers, Unitika moved up Y12 to Y278, Kirin Brewery Y7 to Y701 and Asahi Chemical Y29 to Y995. Blue chips were in the spotlight, with Sony advancing Y100 to Y4,160, Hitachi Y16 to Y794, Alps Electric Y30 to Y1,690

and Canon Y30 to Y1.240. Electric power and gas issues, which had fared well the previous day because of the firmer yen, turned lower under profit-taking. Tokyo Electric Power lost Y30 to Y1,900, Tohoku Electric Power

Y10 to Y1,320 and Tokyo Gas Y2 to Y208. Brokerage houses predict continued support, hinged heavily on U.S. interest rate trends.

Bond trading was very active reflect-ing surging U.S. bond prices. The yield on 6.8 per cent government bonds due in December 1994, replacing 7.3 per cent government bonds maturing in December 1993 as the benchmark issues. remained unchanged at 6.35 per cent. But the yield on the 7.3 per cent bonds fell sharply from Monday's 6.665 per cent to 6.645 per cent.

HONG KONG

SMALL INVESTORS continued to take profits from Hong Kong shares and as the momentum gathered prices closed lower across the board.

Despite favourable land auction results, properties led the downward move. Cheung Kong shed 10 cents to HK\$16.80, Hang Lung lost 15 cents to HK\$6.20, Hongkong Land 10 cents to HK\$5.85 and Hongkong Wharf 5 cents to HK\$6.50.

Elsewhere, Hongkong Bank and Jardine Matheson were each 10 cents lower at HK\$8.30 ex-all and HK\$11.40 respec-

China Light dropped 30 cents to HK\$18.00 and Hongkong Electric was 10 cents lower at HK\$8.35.

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SHARJAH

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ABU DHABI AMMAN ATHENS BAHRAIN BANGKOK BEIRUT BOMBAY CAIRO COLOMBO DELHI DHAFIRAN DHAKA DOHA DUBAI FRANKFURT HONG KONG JEDDAH KARACHI KHARTOUM KUWAIT LARNACA LONDON MANILA MUSCAT PARIS RAS AL KHAIMAH RIYADH SALALAH SANAA SHARIAH TUNIS

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NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

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WORLD ECONOMIC INDICATORS

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í.	10 8%	Seton Sheers		.7 8.3			16% 12	16 117	18% 12	+6	87 ₈	54	StoriSt	130	10 1.6 25	87 68	1814 834	171 ₄ 81 ₄	839	- 4	15 -	221 ₂ 54 ₈	TexAir		. 4	17 986	253 ₄ 147 ₈	1438	253 ₄ 145 ₈ •	-4
	in 9io	Sharon	16b	.9		562 27	5g 17%	d7-16		-6	31 ₂ 81 ₈	13 ₄ 51 ₄	StrutW SummE			37 6	212 55a	21 ₂ 51 ₃	212 515		10% 22%	51g 181 ₂	TexAE pl	.39t !	68 41	25	6 193,	53 ₄ 191 ₂		- 16 - 36
	12 ¹ 2	SierHSi SierSpi		23	9	136	141 ₄ 111 ₂	141. 113.	1414	-3	15 11	1112 83a	SUNCTY	PN.80	13. 9	8.	13 ⁷ a 79a	51) 134 73 ₈	137 ₈ 71 ₂		13 3½	25-g¯ 2	Txscan ThorEn		45 26	175 2	278 234	24		- 8
l _a	101g 5%	Sierch Sifco	.40 .20	3.7	10 7	7	11 57a	107	10%	+1	1114	5	SunSL SunJr	.48	61 2.9 12	5	d 16%	470	47	– 1a I	75	314 219	ThrD A Tidwell	.10	26 11	3 24	3/6	376	37 _B 27 _B	
ie i	ð	ŠikesA: Šilvicst		1.3		7	15		147	+3@	29 27 ₈	1614	SuprFd SupCre	44b	1.5 12	217 36	u295 ₈	284g	2912	+š i		241 ₂ 47	TolEd pl	14.25 18.32	14. 14.	2100		3014		+ ½
2	212	SimcoS			1	1	34, 35,	315	317	-% /	14 173 ₂	ရှိရှိ 11 န	Supind	.20a	1.4 12	71 32	u1414 1694		141,	+4	50l ₂	434g 564	TotEd pl	7.76	14. 14.	z80	541 ₂ 891 ₂	541,	5412 1	+ 11 + 11
		SmthA SmthB	.60 .60	3.1 3.4	3		197 ₆ 18	191 ₂ 171 ₄		I. 1	87g	418	SuprSr Susque	h	22 11 8	54	5%	54a	58g	- 1	93,	512		.39	5.1 10	26	73	7-8	77₀ -	-14
12	127s	Snyder	2	13. 1	15 4	16	ų158.	153	1514	-	21 <u>.</u> 28	15 196	SwitE Switte		12 5 5 22	7 43	17g 221e	13 ₄ 213.		- 7g - 3g		77g 9-16	TOIP! W			9	15-16	15-16	117a 15-16-	- 10 - 1:

WHERETE PROBLED OF THE THE MODIFICION

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EBUIT & SUB

MARKET REPORT

RECENT ISSUES

Equities show lukewarm response to Wall Street

This price the same of the sam

- 2

Communication Pages

First Last Last For Deal- Deal- Deal- Settletugs ings tion ment
May 20 June 7 Aug 29 Sept 9
June 16 June 21 Sept 12 Sept 23
June 24-July 5 Sept 26 Oct 7
For rote indications see end of bullish statement and subseShore Information Service
London equities opened in
convincing fashion yesterday
following Wall Street's upsurge
to record levels, which took the
1300 barrier for the first time.
An early burst of investment
enthustasm swept the FT
Ordinary share index to within
three points of its all-time high,
attained on January 22 last, but
the market soon ran out of
steam.

Business became highly select upsurge to record level

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Figancial Times.

FINANCIAL TIMES STOCK INDICES May May May May May Year 21 20 17 16 15 14 ago

Government Secs..... 80.91 80.85 80.80 80.87 80.57 80.72 79.30 85.79 85.63 85.34 85.39 85.50 86.63 84.19 1090.9 1016.0 1008.3 1012.5 1092.3 1018.3 856.3
 Gold Mines
 481.5
 489.5
 494.1
 498.8
 496.9
 511.3
 655.2

 Ord. Div. Yield
 4.54
 4.56
 4.56
 4.58
 4.47
 4.53
 4.66

 Earnings, Yid.Z (full)
 11.45
 11.50
 11.54
 11.50
 11.22
 11.35
 10.61

 P/E Ratio (net) (*)
 10.65
 10.59
 10.57
 10.60
 10.86
 10.75
 11.36

	Outhern there indeed to relate	broked 5 to 65b or communication	Ordinary
	Ordinary share index to within	of the refinancing proposals.	Gold Mines
۲ .	three points of its all-time high, attained on January 22 last, but	Woodchester Investments firmed	erer and here are a read the read that
" 🛓	the market som ten out of	3 to 156p in response to bumper	B per united transfer and animal animal animal street tring tring to or
ÿ., A	the market soon ran out of		P/E Ratio (net) (*) 10.65 10.59 10.57: 10.60 10.86 10.73 11.36
, 1	Business became highly selec-	Scrip-issue.	Total bargains (Est.) 24,281, 27,136 24,479 26,740, 28,607 29,361 21,464
. :	tive with demand elements of	Marketing consultancy group Holmes and Marchant staged an	Equity turnover 2m.: - 856,72 878,56, 445,67, 466,2 487,0 888,57
	stocks known to be in short	mountes and marchant staged an	
-	supply. This forced dealers to		Equity bargains 28,765 24,657 22,626 25,769 29,398 18,868
•.			Shares traded (mi); - 195.1 215.6 246.8 229.8 257.7 158.7
•	balance their positions and	opened some live above me	400 4 40 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4
٠.	reduce long book commitments	Lamond Lives of each ame sermen	10 am 1021.4. 11 am 1017.6. Noon 1018.3, 1 pm 1018.3.
٠	of other leading issues, a move		2 pm 1019.3. 3 pm 1019.5.
• •	which ultimately produced sell-	of 75. Among other recently-	Basis 100 Govt. Secs. 15/10/28. Fixed Int. 1928. Ordinary 1/7/35.
٠.	ing pressure. Currently sensi-	money administration	Gold Mines 12/0/FR SE Arthury 1974
s ;	tive sectors, such as Electricals.	tions gained 11 to 93p on news	
	were affected and Pleasey traded	that Rea Holding are interested	Latest Index 01-246 3028.
-	nervously awaiting tomorrow's	ip 6m shares.	•Nit=10.29,
٠ .	pretiminary statement.	Greenall Whitley fell 9 to 1750	1
	Erratic movements in both	after disappointing interim	1
. :	sterling and the dollar were	figures, but other Breweries	HIGHS AND LOWS S.E. ACTIVITY
	another unsetting influence. The	made useful progress ahead of	
•	latter strengthened considerably	Bass's half-year figures, due	INDICES
- 4	at one stage despite news of un-	today. Bass touched 577p before	
	favourable U.S. economic data.	closing 7 higher at 572p, while	: May : May
ند۰	The updated estimate of first-		- 1985 Since Compilatin 20 17
	quarter GNP was only 0.7 per	Allied Lyens put on 2 to 193p.	
	cent, compared with the previous	after 194p; the latter's annual	High Low High Low Daily
	forecast of 1.3 per cent. Con-	results are scheduled for May 28.	Greet Sans 189 00 78 09 197 4 40 19 Bergains
	tinuing worries over inter-	Scottish and Newcastle added 24	Contract of the state of the st
	national crude oil prices added	at 1381p and Wolverbampton	(18/4) (28/1) (9/1/35) (6/1/75) Equities Bargains, 186,4 159,8
		and Dudley gained 6 to 320p.	Forced Int. 86.19 82.17 150.4 50.53 Value
	to the indecision—it was	Leading Buildings remained	(2244) (2241) (22111/47) (011/75) DGBY Average
•	reported vesterday that Russian	in fine fettle following a couple	Ordinary 1024.5 928.7 1024.5 49.4 Gilt Edged (22/1) ; (8/1) 422/1(85) 428/8/40 Bargains,159.1 134.6
•	Urals Blend crude prices have	of brokers circulars. Once again	Equities
	fallen around \$2 a barrel during	stock shortages often exagger-	GDIG MIRES 530,9 439.0 734.7 43.8 Bargains 170.0 166.4
•	the month.	ated gains and the issues specia-	(15/4) (26/1) (15/2/85) (28/18/71) Value
	Equity market activity began	ally recommended by brokers	
•	to fade from mid-morning, but	were well to the fore. RMC	
	the tone, which looked suspect	gaind 8 mor to 4040 as did Tar-	· · · · · · · · · · · · · · · · · · ·
	shortly after 11 am, started to	mac, to 592p. Rvived takeover	A)
	improve again. The trend con-		closed 6 to the good at 382p, rise of 14 at 338p, while TI
	tinued throughout a slow after-	speculation lifted Rugby Port-	while Gustles A firmed the same revived 6 to 2560. Hawker 4370.
	noon session and in the after-	land Cement 5 to 128p, while	amount to 813p. John Menzies and GKN, 322p improved 7 and
	hours' trade the FT Ordinary	recently-overlooked BPB Indus-	Jumpoed 13 to 2900 on takeover 4 respectively Kisewhere
	share index rose to 1,020.2, a	tries rose 12 to 270p. Among	hopes, while news of the acquist- Bromsgrave were noteworthy for
		Contracting and Construction	tion of Early Learning for £8.4m a gain of 5 to 32% along with
	gain of 4.2 on the day and 4.3 of the neak level.	issues, Taylor Woodrow were	lowered Fine Art Developments Richards (Leicester), 6 dearer
		prominent, at 442p, up 20,	3 to 88p, after 92p. Talk of a at 43p. Buyers also showed
	The Government's need to	while Costain gained 12 to 390p.	bid from Guinness, or an interest in Ransomes Sims,
	fund curbed domestic support of	John Laing firmed 12 to 2320	
•	Gilt-edged securities, but suffi-	and Alfred McAlpine improved	
	cient foreign demand was	6 to 252p. Timber group Meyer	
	around to give prices an early	International in which Aus-	man Brothers also attracted following the chairman's state-
	lift. A good deal of the business		speculative support and finished ment at the annual meeting
	was aimed at medium-life	tralia's Adelaide Steamship has	21 dearer at 20p. I. J. Dewhirst Spencer Clark Metals responded
	maturities at the expense of the	built up a 4.87 per cent stake,	added 5 at 101p, but profit-taking to the half-year figures, closing
	short and extra-long stocks. The	moved ahead to 1470 before	in the wake of the results left 5 up at 500.
		profit-taking left the close 2	Goldsmith 11 lower at 223p. Among Food Retailers, annual
	gains were later reduced as	cheaper on balance at 140p.	Peters Stores gave up 10 at 76p profits broadly in line with
	sterling reacted and often erased	ICI remained a subdued	
	completely after-hours following	market and fluctuated narrowly	
	news of new funding; the		·
	authorities have issued two	before edging ahead late in the	Electricals remained a sensi-slipped to 340p prior to closing
	tranches of existing stocks,	session to close 5 dearer on	tive market, with Plessey trading a couple of pence cheaper at
	f150m of Treasury 10 per cent	balance at 758p. Elsewhere,	nervously at 1700, down 4, await 342p. Buyers instead favoured
	1992 and £250m of Exchequer	recently-firm Amersham Inter-	ing tomorrow's preliminary Toron up 7 at 2550 and Account
	101 per cent 2005, which will be	national encountered profit-	statement, British Telecom en- ciated Dairies a couple of pence
	TAT ACT ACTIT WASA' MINIST MITT DO	toling and shed 10 to 250n	countered persistent small sell-

sterling reacted and often erased completely after-hours following news of new funding; the authorities have issued two tranches of existing stocks, fixom of Treasury 10 per cent special sterling and £250m of Exchequer and £250m

Hotels featured Ladbroke which advanced strongly following a broker's seminar to close 17 higher at the day's best of

Fisons good

Leading miscellaneous indus-trials rarely strayed from their trials rarely strayed from their previous closing levels. Metal Box, however, were supported and put on 13 to 400p, while Press mention left Chris
metal price dipped sharply to \$314 an ounce having closed at \$323.25 in London on Monday—unsettled all the major sectors of mining markets. Bullion closed a net \$5.75 easier at \$317.5.

South African golds were marked own at the outset and continued to lose ground following the announcement at the annual meeting of a new drug for the treatment of allergic diseases. Brammer advanced 28 to 348p amid further bid speculation, while Press mention left Chris-

and a state of the amount dearer at 204p. Barbam featured a fresh rise of 38 to 638p, while country buying left Steeley 9 up at 314p. Sketchley took a turn for the better and rallied 8 to 328p; the preliminary results are due next month. Other are due next month. Other bright spots included Apledore, 8 higher at 272p, and Sale Tilney, 13 dearer at 243p. Further consideration of the proposal to acquire an 80 per cent stake in TriTrade left Fergabrook 5 better at 87p. In contrast, comment on the preliminary figures prompted a reaction of 8 to 59p in Nu-Swift.

ties International 17 to the good at 560p. F. H. Tompkins new nil-paid shares responded put on 14 to 54p premium and the old

shares were a like amount dearer

good half-yearly results and a confident statement. Coats Patons featured Textiles. rising 10 to 149p, after 151p, on demand aroused by news of a stockbroker's lunch with the

In Financial Trusts, Britannia Arrow improved 2 to 109p, after 11p, on revived takeover specu-lation. M and G Group jumped 50 to 675p and Exco on 10 to

The oil majors were quietly mixed. Shell fluctuated between 715p and 723p before settling a net 7 firmer at 720p; first quarter results, of which market esti-mates of net income range from £900m to £1.18bn, are expected to be announced at 9.30 am this morning. Royal Dutch hardened to £461. LASMO initially eased to 300p before rallying to close unchanged on balance at 303p following the annual meeting while profit-taking lowered Bur-

tnah Oil 4 to 2820. Among secondary issues British Borneo moved up 7 to a 1985 high of 30p following the increased profits and dividends. Falcon Resources were persis-tently sold and closed 25 lower tently sold and closed 25 lower at 330p while Firstland Oil and Gas ran back 10 to 245p. Takeover favourite Caledonian Offshore fell to 520p early on but recovered well to close unchanged on balance at 535p.

A favourable broker's circular and the riging international and the rising international commodity price induced re-

newed demand for Tea Stocks. McLead Rusel led the way with a rise of 18 at 315p, while Kastern Produce advanced 15 to 340p and Plantation and General improved 5 to 300p.

Golds lower

EUROPEAN OPTIONS EXCHANGE

Vol. | Last

10 53

84 14 4.70

19 B 16 11,50 B 9,50 B

11,30 A 15,50 A 16 A 28,50 A 2,40

8,50 5,50 2,50 5,90 8 4,10 6,50 3,30 3,30 3,80 8,60 8 1,50 1,50 3,30

C=Call

Vol. Last

TOTAL VOLUME IN CONTRACTS: 26,925

5.20 0.90 3 4,40 6.50 2.20

1.80 1.50 1.60 6.80 5.20

8= Bid

14,90 6,10 5,50 5

12

11 B 6.50 4 1.60 — 1.30 A 1.80 A 1.80 A 4.20 6 9 A 15 A 1.90 0.10 5 9.80 A 0.40

The poor showing by bullion in New York overnight—the metal price dipped sharply to \$314 an ounce having closed at \$323.25 in London on Monday—unsettled all the major sectors

\$\$16,50

Ξ

1,30

7.50 3,40

812B.40

F1,221.60

FL10B.# F1,77.90

F1.58.80

FL65.40

F1.54,20 FL284.90

PL74.40

8,60 FL173 4,70

13 A FL 193

The unwinding of speculative positions in the wake of the impressive interim results left Casino group Aspinail Holdings
11 down at 160p.

Takeover favourite DRG returned to prominence in Paper/Printings, rising 6 to 176p, after 180p, on revived speculative demand.

raper/Printings, rising 6 to 176p, after 180p, on revived speculative demand. Saatchi Saatchi advanced 25 to 650p in reply to bumper first-half profits.

A couple of firm features emerged among secondary Profits.

A couple of firm features and 342 in the August 180s and 375 mits emerged among secondary Property issues. Regalian rose 12 to 120p in belated response to a broker's seminar, while City Site Estates gained 8 to 88p on Lows For 1985

company.

Shell firm

NEW HIGHS (180)
ERITH FUNDS (5)
CORPORATION LOANS (3)
CANADIANS (1)
BREWERS (3)
BUILDINGS (14)
CHEMICALS (1)
ESTORES (14)
ESTORES (14)
FOODS (11)
ROUGHERANS (1)
ROUGHERANS NEW LOWS (23)

PLECTRICALS (4)

Chal Microsystems Microlesse
Memoon Intl. FOODS (1) FOODS (1)
bake Foods
UNDUSTRIALS (7)
O-African Fig. Davies & Net Minet Hidgs. LEISURE (2) TRUSTS (2) James Assets 41₂pc Cov.t.s. 1994 OHLS (1)

CES MINES (3) Souther **ACTIVE STOCKS**

RISES AND FALLS

TED I EKUA	ł Y			H
British Funds Corpus. Dom. and	Rises 51	Felis 16	Same 40	
Foreign Bonds Industrials Fin. and Props	23 352 162	202 54	51 896 332	1
Plantations	20 5 25	20 74	86 12 81	
Others	115	2 4	96	3

EQUITIES

NEW HIGHS (130)

•	Dutte	28	15918	<u>e</u> 16	e5 	Stock	28		# >		
	afternoon, helped steady prices during the afternoon and most	Price	Amount paid up Latest Renune.	High	Low	Stock i	Olosing	+-0F 	15. 2.5.		Table of the control
d wndrae	issues closed above the day's lowest levels. The Gold Mines index showed an 8.0 decline to 481.5. Randfontein dipped to around £85 at one point but subsequently rallied to close only £1½ down on balance at £86, while Vani Reefs were a similar amount cheaper at £74½. Fails	11880 178 178 5185 5130 876 186 186 1884 200	N P. 16/ F.P. 31/ F.P. 28/ F.P. 3/ F.P. 17/ 200 — F.P. 47/ F.P. 47/ F.P. 47/ F.P. 47/ F.P. 47/ F.P. 47/ F.P. 47/ F.P. 47/	- 38 5 181 6 182 - 860 - 700 6 236 5 120 - 253 - 155 - 155 - 102	27 164 176 750 650 160 236 188 190	Angic EastPlants Do. Warrants Do. Warrants Sp. Aspen Comma. Sp. Asda Property 20p Sano de Silbao S.A. Banco de Santander. Se	38 177 176 800 665 160 120 235 170 124 102	+11 +5 +2 -2 -5 +2	u3.0 	2.6 3 1.8 6 3.1 4 2.1 6 8.5 6	2.1,22,8 2.4,23,2
proser, rontites	in the region of a point were common to Southwal, £351, and Eastern Transvarl, £131. South African Financials attracted late demand from Johannesburg and Anglo Ameriman settled 1 better at a year's best of £111. Amgold closed 1 easier at £711, after £701, but De Beers railied from £22p to close a fraction up at £30p. UK-domiciled Financials lost ground in line with Golds. Consolidated Gold Fields dropped	\$117 \$1800 \$189 \$150 \$28 \$120 \$113 \$110 £7.25 \$175 \$176 \$176 \$120 \$130 \$88	F.P. 7/4 F.P. 7/4 F.P. 7/4 F.P. 29/7 F.P. 26/7 F.P. 26/7	5 130 6 200 6 200 6 103 5 103 5 119 6 119 6 119 6 206 6	120 370 172 165 101 26 143 114 109 80 38 108 175 175 118	PE Electron House 10p 28 H'Ims & M'ohnt 10p 28 Houndelgh Tech Sa- Martindurrie Pac.50p 29 Maxiprint 1p	127 575 198 203 101 180 114 108 80 102 190 180 142	+1	bg2.7 u3.5 bg4.2 u1.6 bg2.0 bg4.76 2.1 bg4.76 u2.1 u1.26 u1.26 u1.5	1.9 4.1 5.8 3.5 - 5.8 - 3.6 - 3.3 5.4 3.4 4.0 4.8	2.5/85,7 1.4/25,9 5.0/14,5 1.152,1 1.6/54,4
e e e	13 to 537p, while falls of around 3 were common to Charter Con- solidated, 192p, and Rio Tinto- Zine, 612p. Australians moved narrowly			NTE	RES	ST STOCKS					

Price Price £	Amount paid up	atest enume. date	2 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1				
	< ₫	- Z	High Low	<u> </u>	Closing price &		
99 85,81 90,705 — — — — 49,895	F.P. E30 F.P. F.P. NII F.P. E30 F.P. F.P.	19/6 -6/6 6/6	10036 993 100 , 993 99 98	Plantation Trst 71-2 env. Uns. Ln. 2009 Queens Moat 72 Gnv. Rd. Prf Russell (A.) 5.752 Cum. Cnv. Rd. Prf Saatohi 6.33 Cnv. Cum. Red. Pref SpaintGingdom of 11-2 Ln 2010 Williams Hidgs.53, Cum. Cnv. Prf	106 305g 304 995g 100 95 106 50m 108	+16 -1 +112	

RIGHTS OFFERS

lasue price	Amount paid up	Latest Renunc. date	198	5	Stock	Olosing price	+_01
μικο			High	Low		5₽_	
195 200 150 350 38 102 80 66 515 285 95 25 49ir. 70 375	F.P. Nii Nii	20/6 14/6 14/6 15/5 15/7 15/6 7/6 28/6 4/7 10/6 4/8	21pm 170pm 393 40pm 112pm 112pm 316 167pm 360 10212 43 64 64 1154pm 14pm	155pm 323 35pm 14pm 118 5pm 295 210pm 340 96 39 48 29 405 103pm 13pm	Anchor Chemical. Bank of Scotland £1. Barclays £1. Beazer (C.H.) 70p. Brit. Empire Sec. & Gen. 5p. Grampian H.:ge. &Grosvenor Square 10p. Lon. & Northern LASMO LOW (Wm.) £0p. Memec 10p. Revinan Inds. 10p. ; foliver Prospecting ; Rivin (D.S.) 5p. Scapa. Second Market Inv. 5p.	393 25pm 122 8pm 11pm 300 123pm 360 96 43 56 6pm 440 104pm 13pm	+7 +15 -3 +8 +1 +5 -2 +2 -4 +10
222 160	NII Nii	28/6	26pm 54pm		i Tesco 5p I Tomkins (F.H.) 5p	26pm 54pm	+14

Renunciation data usually lest day for dealing free of stamp duty. b Figure based on prospectus estimates. d Dividend rate paid or payable on part capital, cover based on dividend on full capital. g Assumed dividend an yield. u Forecast dividend cover dated on praylous year's samings. F Dividen and yield based on prospectus or other official estimates for 1984. Q Gross p Pence unless otherwise indicated. I issued by tender. I Officed holders or ordinary shares as a "rights." ** Issued by way of capitalisation. §\$ Reintro duced. T issued in connection with reorganisation marger or takeover all Allotment letters or full-paid. Ill Introduction. § Unlisted Securities Market. § Placing price. T Figures assumed. †† Official London Usting ti Dealt in under Rule 535(3).

OPTIONS First Last For Deal-Deal-Deal-Settleings ings tion ment May 20 June 27 Aug 29 Sept 9 June 10 June 21 Sept 12 Sept 23 June 24 July 5 Sept 26 Oct 7 For rate indications see end of Share Information Service Stocks to attract money for the call included Combined Technology, Coursey Petroleum, Mayer and Line 19 323

Technology, Conroy Petroleum, Burmak Oil, Bula Resources, Johnson and Firth Brown, Brook Street Bureau, Crystalate, Birmid Qualcast, Polly Peck, Newman Industries, C. H. Bailey, Weir Group, United Scientific, British Oil and Minerals, Mercantile 753 291 1,596 House, Inter-City and Spencer Clark Metal industries. Phoenix Timber and Clayton Son were

dealt in for the call, but no double options were reported.

ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List. +162 -544 +18 +21 +16 +36 +36 +36 158 40p 570 20 373 163 118 163p 320 875 448 Inda

EQUITY GROUPS & SUB-SECTIONS				Tues May 21 1985						Men May 20	Pri May 17	Thur May 16	Year ago (approx.)	
Figures in parentheses show number of stocks per section			of lade		Es Eami 's Yiek ge (Ma	3	Gress Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	nd adj. 1985 to take	Index No.	Jader No.	Index Vic.	inter No.	
1	CAPITAL GOOD			561.				3.99	12.45	7.11			554.73	501.17
<i>2</i> 3	Suliding Materia Contraction, Con	k (23) struction	(29)	546. 765.				4.72 5.38	30.04 9.88	6.84 16.48	759.45	530.84 745.95		490,25 784,23
4	4 Electricals (15)			(1518.			37 15	4.82	12.18	27.85	1504.35	1493.10	1583.13	
	5 Electronics (37) 6 Mechanical Engineering (63)			1630 315.				3.19 4.37	14.06 12.66	13.77 4.70			1635.89 312.77	1700.64 248.45
8				196.	24 +4.	7 12		7.68	9.99	3.71	196.71	195.48	195.20	188.0G
30 30	Motors (17) Other Industrial		(17)	165. 1994				511 313	9.24 17.03	3.89 11.22		163.93 985.92	164.17 986.37	136.59 675.69
21	CORSUMER CR	00P (17	7)	666	43 +0.	7 9.	57	3.77	12.88	6.86	663.50	660.03	662.85	512.33
22 25	Brewers and Dist Food Manufactor			603. 513.				4.77	11.10	3.72 9.54			602.73 512.90	
26	Food Retailing C			1624	A2 +3.	5	37	2.44	24.80	5.76	1607.77	1614.75	1618 22	1188.96
27	Health and House			1856. 696.			19	2.67 4.67	18.88	\$.75 12.59	1051.71 690.42		1045.16 690.66	782.89 642.11
29 32	Leisure (23) Newspapers, Pob					6 6	70	4.25	19.28	32.34	1781.16	1777.70	1783.64	1345.67
33	Packaging and Pa	wer (14)		322.				4.86 3.38	9.64	2,30 5,00		319.04 633.13	319.97 636.55	254.69 466.43
34 35	34 Stores (41)			330				461	7.15	3.78		322.69	320.64	291.89
36	36 Tobaccos (3)			855.		2 17.		5.01 3.86	14.67	17.44 5.68		246.48 714.59	854.43 726.55	592.78 446.26
41 42	OTHER GROUP!							4.88	9.83	14.95	755.21	755.26	757.95	586,48
44	A4 Office Festioment (A)			187.	96) -1.:			4.47	17.70	3.52		186.02	188.83	125.14
45 46	45 Shipping and Transport (12)			1195.				4.64 3.29	20.37 17.87	22.85 6.30		879.53	1175.68 873.93	623.92
48				893		7.		3.68	17.43		990.34	907.95	926.80	8.0
49	49 INDUSTRIAL GROUP (483)					_	?	3.85 7.84	13.25 7.86	6.77 37.60		655.08 1182.16	657.89	503.91 1370.99
	51 Olls (17)			1181. 703.			_	4.27	12.14	9.23		699,32	782.88	559.90
27	59 500 SHARE INDEX (500)			476		' -	. +	5.24	_	8.31		474.29	476.57	370.11
62	62 Banks (6)			478			- 1	7.23 4.39	8.61	11.71 14.71		471.43 727.89	474.11 736.75	367.99 469.29
65. 66	65. Insurance (Life) (8)			_ 723. 554.			: 1	5.51		8.53			356.83	269.96
67 Insurance (Brokers) (7)			2232	67 -0.		68	3.64 4.05	17.55	17.24 1.22		1149.98 235.25	1151.15 233.81	735.74 223.90	
	68 Merchant Banks (11)			235. 642.		' { <u> </u>	73	3.57	23.84	3.28		642.76	642.19	55.34
70	69 Property (50)			252	83 +0.	_	29	554	14.74	4.78		286.35	286.34	242.61
77	Investment Trast	s (106)		688. 289.				3.33 5.47	16.60	5.96 5.29	604.02 292.61	683.22 290.07	602.89 290.84	486.40 . 291.76
91	91 Mining Finance (4)					- ,	5	6.48	12.68	12.19		663.74	665.79	558.14
99	ALL-SHAPE IN			641	92 +0.		<u>: </u>	4.41	<u> </u>	8.80		637.91	640.92	511.67
				Inde				Day's	May 20	May 17	May 16	May 15	May 14	Year _ago
_	FT-SE 100 SHAL	E ME	K	1334	11 +3.	1337	8 7	330.7	1330.8		1336.1	1342.4	1326.5	1108.7
FIXED INTERE				REST	EST			AVERAGE GROSS REDEMPTION VIELDS				Tiess May 21	Nico Niay 20	(Spirite)
		Γ					┢	Britis	uk Govern					
	PRICE BURICES	Tues May	Day's charge	Men May	nd adj.	md and 1985	1			5 7725 5		18.53	10.55 19.78	19.97
	11071023	21	% **	20		to date	3	Сомро		5 years 5 years		10.77	19.43	18.85 19.29
	British Consumed		i	· ·			4	Mediu		5 years		1151	33.50	11.73 11.26
i	5 years	117.23		117.22	-	4.52	. 6			5 years 5 years		21.04 19.57	11.05 19.57	10.57
2	5-15 years	123.67		128.57		5.07	7	High		5 years		11.58	11.57	11.83
3	Over 15 years	135.26		195.18	- ,	3,47		Coupa		5 years 5 years		10.74	11.20 18.73	19.66
- 1	Irredeemables	144.07		143.75	- .	6.07		_	emables_		<u> </u>	10.16	10.18	10.17
_ 5					- -	4.76		Debs		5 years 15 years	<u></u>	12.11	12.12	e <u>12.18</u> e11.92
6	Schreizers & Laure	108.35	+0.22	108.12		5.06	12 13	Logar	· 	25 years		11.62	11.65	11.83
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Continued from Page 32 Ericii .856 1708 335 335 335 + 18 Essex 13 4 4 4 - 14	Forest 78 44 4 4 7 7 104 105 17 17 17 18 18 18 18 18 18 18 18 18 18 18 18 18	-14 JP Ind 24 16 1715 1715 1715 1715 1715 1715 1715 1	AUSTRIA Credit Aktien (2/1/52) 95.89 94.47 95.66 (c) 95.86 (18/6) (55.21 (24/1)
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FT COMMERCIAL LAW REPORTS

Improbable submarine not a 'peril'

House of Lords (Lord Fraser of Tullybelton, Lord Diplock, Lord Roskill, Lord Brandon of Oakbrook and Lord Templeman): May 16 1985

IN DECIDING whether on the balance of probabilities a ship was lost by "perils of the sea," the court is entitled to hold that there is doubt as to the real cause of loss, and that the real cause of loss, and that the shipowners have therefore failed to discharge their burden of proof; and if the evidence points to such a conclusion, the court may not hold that the ship was lost for a particular cause which

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hold that the ship was lost for a particular cause which it considers improbable on the ground only that all other possible causes have been eliminated.

The House of Lords so beld when allowing an appeal by Mr Herbert David Edmunds and Fenton Insurance Company Ind. hull underwriters, from the Court of Appeal decision upholding Mr Justice Bingham's judgment in two consolidated actions [1983] 2 Lloyd's Rep 235 that they were liable to Rhesa Shipping Company SA and others, owners of the Popi M, in their claim for loss of the ship by perils of the sea.

ties, their alternative case.

The second matter was that it was always open to a court to conclude that the proximate case of a ship's loss, even on a balance of probabilities, remained in doubt, with the ship as a whole, and her shell plating in particular, were still in a generally wasted condition.

On July 29 1978, Popi M left Romen with a cargo of sugar the voyage she experienced good weather and light seas except for a few days after passing Ushant and entering the Roman Basing Ushant In La Companio Hartigation the basing the business at the Basing Usha

a few days after passing Ushant and entering the Bay of Biscay. On August 5 she was in the Mediterranean, opposite the coast of Algeria. At about 10.50 am of Algeria. At about 10.50 am there was a loud noise with accompanying vibration, and large quantities of sea water gushed into the engine room thorough an aperture in the shell plating.

The main part of the aperture was vertical, extending from below the plates forming the floor of the engine room, and running about two metres up the state day, they torrectly stated the law.

The shipowners felt bound to concede that two causes of the aperture, which they canvassed at one time, could be eliminated because the ship was navigating in a much-used lane and the charts showed deep water with no rocks. The second

The main part of the aperture was vertical, extending from below the plates forming the floor of the engine room, and running about two metres up the ship's side. There was also a smaller horizontal aperture.

Upon entry of the water the Upon entry of the water the pumps were put on to the engine room bilges, but could not cope with the flow. At about noon an order to abandon ship was given. The crew went into lifeboats, and were later picked up by a British tanker. At about 6.15 pm the ship sank.

The ship sank.

The shipowners claimed against buil underwriters for the alleged total loss of the ship by perils of the sea. They succeeded

before Mr Justice Bingham, and marine travelling in the same probable one, could properly be an appeal by the underwriters direction as the ship and at to the Court of Appeal was dismissed. The underwriters are underwriters tried to brought a further appeal.

The underwriters tried to exist in the present case. The prove as an alternative cause of ship sank in such deep water

The first was that the burden of proving, on a balance of probabilities, that the ship was lost by periks of the sea, remained throughout on the ship-owners. Although it was open to underwriters to suggest or to seek to prove some other cause of loss, there was no obligation on them to prove, even on a balance of probabilities, their alternative case.

The second matter was that it the source observations. He submarine the wear and tear theory. His observations were to the effect that he regarded as extremely improbable, or one of which he regarded as extremely improbable and the other as theories. He failed to keep in mind the third alternative, that the shipowners had failed to discharge the burden of proof.

With regard to the submarine with common sense.

Mr Justice Bingham adopted an erroneous approach by regarding himself as compelled to choose between two theories, both of which he regarded as extremely improbable and the other as theories. He failed to keep in mind the third alternative, that the shipowners had failed to discharge the burden of proof.

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With regard to the submarine with common sense.

Mr Justice Bingham adopted an erroneous approach by regarding himself as compelled to choose between two theories, both of which he regarded as extremely improbable, and the other as the ot

the court doubtful what is the real cause of the loss, the essured has failed to prove his case."

Indeed the operated was in doubt.

Sir Arthur Conan Doyle in The Sign of Four described Sherlock Holmes as saying to Dr Watcase."

and the charts showed deep water with no rocks. The second was collision with a floating object. That could be eliminated because such an object would have been washed clear of the ship's side by the bow wave.

Elimination of those two possibilities left the shipoward with bound always to make a finding brice of the ship of the

those observations.

While those observations were obtter dicta only, they correctly stated the law.

The shipowners felt bound to

It was no doubt on the basis of that well-known but unjudicial dictum that the judge decided to accept the submarine theory, even though he regarded it as extremely improbable.

bound always to make a finding Brice QC and Michael N. Honourd one way or the other with regard (Hill Dickinson and Co.).

dictum could only apply when and Alan Pardoe (Horrocks and Co.).

brought a further appeal.

The sole question was whether on the facts found, Mr Justice Bingham and the Court of Appeal were justified in drawing the inference that the ship was, on a balance of probabilities, lost by perils of the sea.

about the same speed.

The underwriters tried to prove as an alternative cause of this tate of affairs did not exist in the present case. The prove as an alternative cause of that a diver's examination of the ship's shell placing opening the ship's shell placing opening the inference that the ship was, on a balance of probabilities, lost by perils of the sea.

Although early in his judge.

the inference that the ship was, on a balance of probabilities, lost by perils of the sea.

Although early in his judgment Mr Justice Bingham had referred to Lord Justice Scrutton's observations with regard to burden of proof in La Compania Maritaria, when he came two matters should be borne constantly in mind.

The third reason was that the legal concept of proof of a case must be applied with common sense. If a judge concluded on cogenity of the balance of probabilities must be applied with common sense. If a judge concluded on cogenity from the balance of probabilities on the balance of probabilities must be applied with common sense. If a judge concluded on the balance of probabilities must be applied with common sense. If a judge concluded on the balance of probabilities on the balance of probabilities must be applied with common sense. If a judge concluded on the balance of probabilities must be applied with common sense. If a judge concluded on the balance of probabilities must be applied with common sense. If a judge concluded on the balance of probabilities must be applied with common sense. If a judge concluded on the balance of probabilities must be applied with common sense. If a judge concluded on the balance of probabilities must be applied with common sense. If a judge concluded on the balance of probabilities must be applied with common sense. If a judge concluded on the balance of probabilities must be applied with common sense. If a judge concluded on the balance of probabilities must be applied with common sense. If a judge concluded on the balance of probabilities must be applied with common sense. If a judge concluded on the balance of probabilities must be applied with common sense. If a judge concluded on the balance of probabilities must be applied with common sense. If a judge concluded on the balance of probabilities must be applied with common sense.

Having regard to the way in which Mr Justice Bingham expressed the view that he was compelled to choose between the submarine theory and the wear that the w and tear theory, and at the point of decision did not discuss or consider the third possibility which was open to him, the con-clusion was that on this occasion

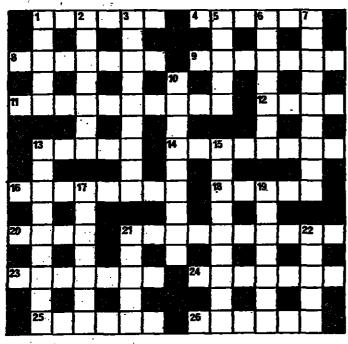
The Court of Appeal wrongly credited the judge with giving consideration to a solution of the case which, when coming to the point of decision, he did not discuss or even mention.

The appeal would be allowed. Lord Fraser, Lord Diplock, Lord Roskill and Lord Templeman For the underwriters: Geoffrey

to facts averred by the parties. For the shiponomers: Anthony. The second was that the Colman QC, Jonathan Gilman

By Rachel Davies Barrister

F.T. CROSSWORD PUZZLE No. 5,724

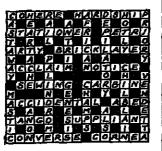


ACROSS

- 1 A singularly unwell American playwright (6) 4 From where the preacher gives advice on how to get rid of trashy literature (6)
- 8 An old Empire sofa (7) 9 Restaurant cutlery (7)
- 12 May be sheer, this promon-
- tory (4) 13 Country provides aid in
- some form (5) 14 There should be a flight to
- get you here (8) 16 Risk a wet form of sport? (5-3)
- 18 Three is an odd number (5) 29 Agreed, but not about being
- old (4) 21 Runs without running (10) 23 Proper sort of tea for a high
- churchman (7) 24 Yet it's a misplaced feeling
- of gratification (7) 25 Putting spirit into a severe heating (6)
- 26 Not a good mark to get (6) DOWN
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- tive plant (7) 7 Official makes rate reform more certain (9)
- 11 A vehicle drawn up in accordance with the law (10) 13 Introductory speech, perhaps
 - (9) 15 Firm revises dates quickly (9) 17 Sort of disease treated by
 - District Nurses? (7) 19 Fish bone? (7) 21 Small staff a sports club takes on (5) 22 A bit above a walk-on part?
 - Selution to Puzzle No. 5,723



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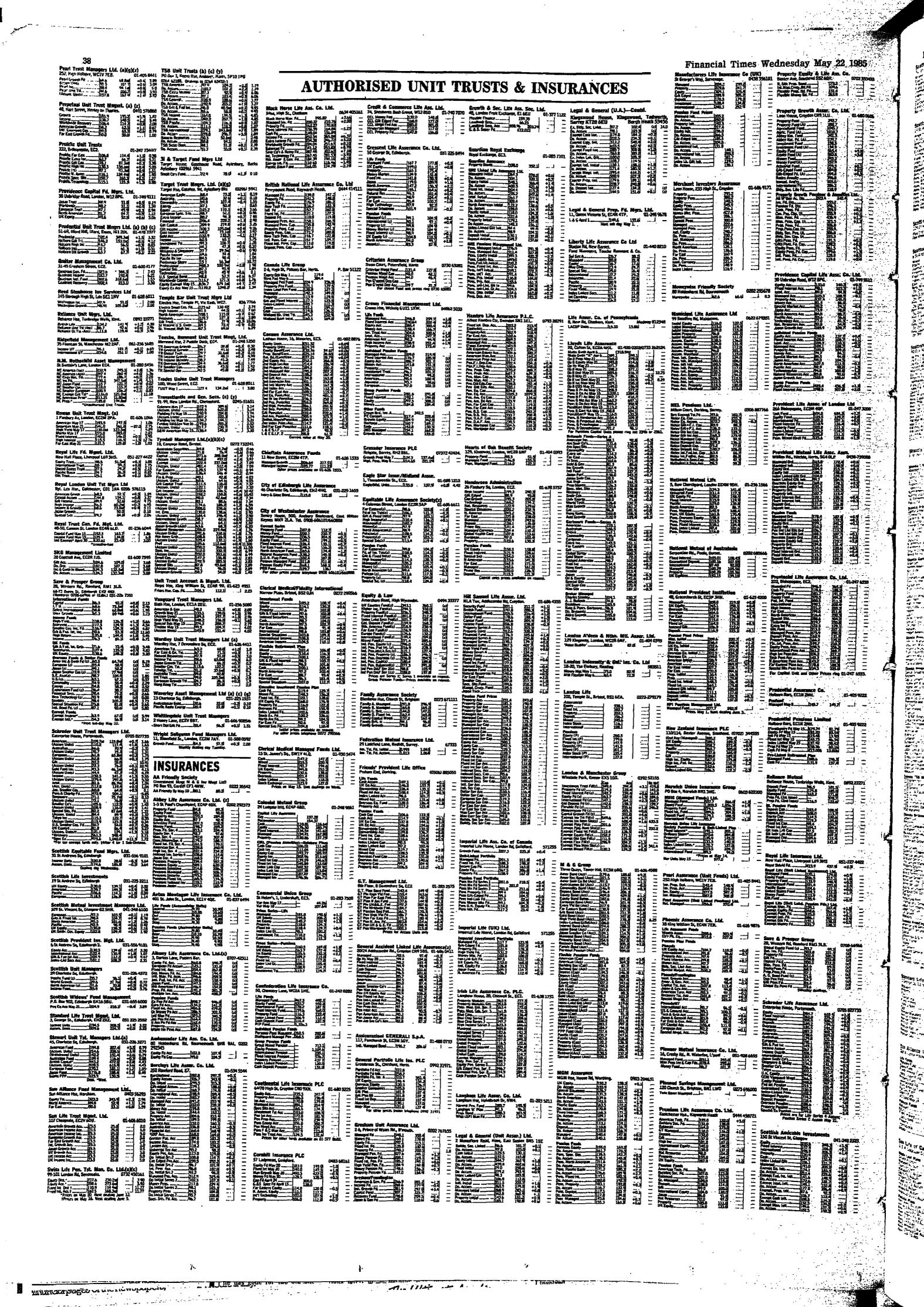
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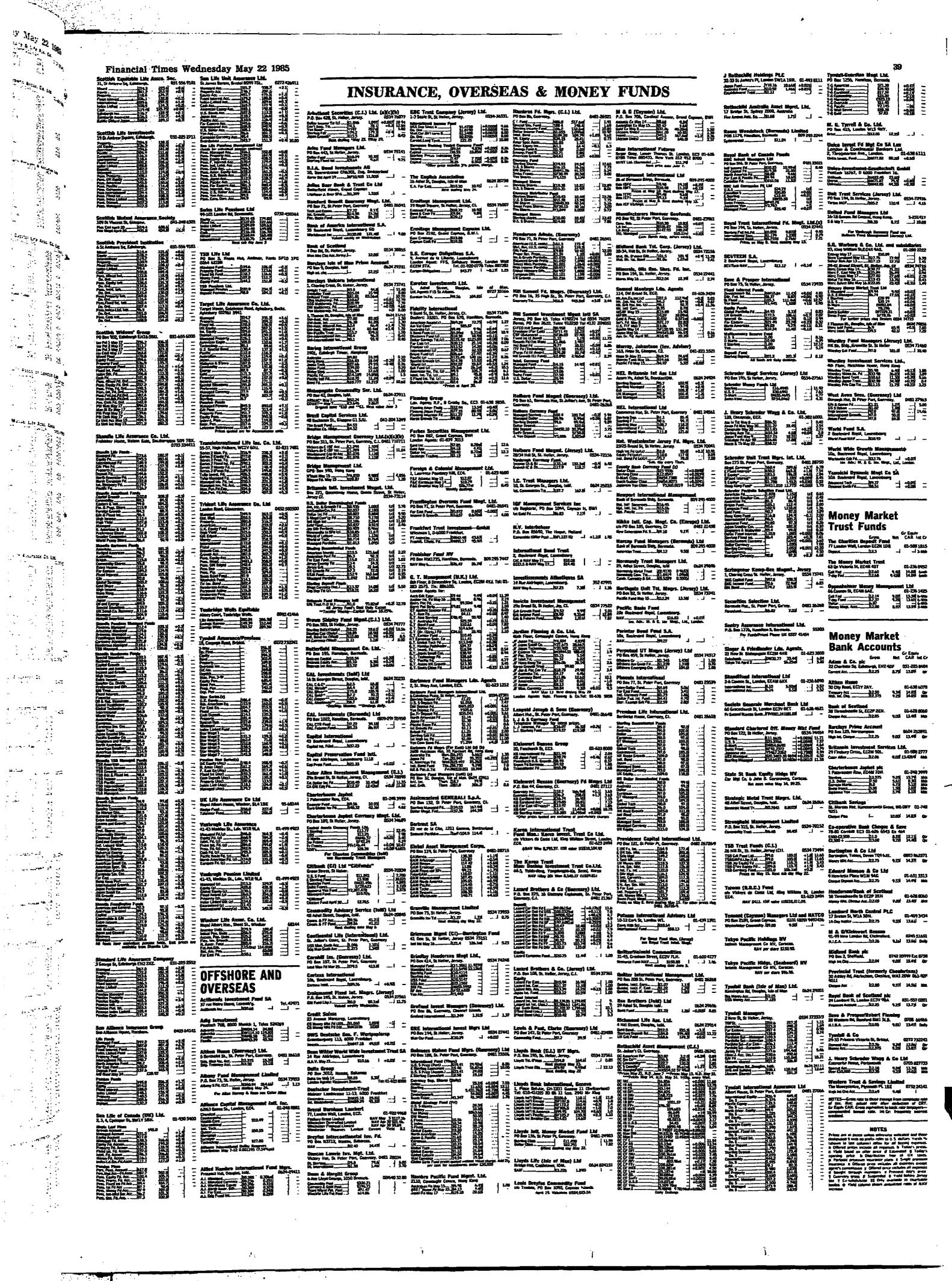
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Oil companies predict shaky summer market

BY IAN HARGREAVES

OIL COMPANIES are bracing in the range of 300,000 to themselves for a summer of 900,000 barrels a day (b/d) weak demand and shaky prices, each year and that this will be with some observers now premet by increased deliveries (Opec) before the end of the first quarter.

crude prices have already fallen by around \$2 a barrel since the January peak caused by unusually cold weather and a burst of optimism about self-restraint in production by Opec members.

Brent blend, the North Sea marker, traded yesterday at around \$26.50, down from almost \$29 in late January. A survey of opinions among adding U.S. oil companies reveals little optimism that the situation will improve later this

The consensus industry forecast now is for little or no increase in oil demand in 1985

Lower sowings to cut U.S. wheat crop

WASHINGTON smallest planted acreage in six years will result in a 1985 U.S. winter wheat crop of 1.97bn bushels, with 48.5m harvested acres yielding over 40 bushels per acre, the U.S. Agriculture Department said.

In a summary of its wheat situation report, the department said the total 1985 U.S. wheat crop is estimated at 2.53bn bushels, down 2 per cent from a year ago.
It said production of hard red

winter wheat, forecast at a record 1.34m bushels, will not offset an expected 30 per cent shortfall in soft red output and an anticipated 10 per cent drop in white wheat production.

Participation in the acreage reduction programme will be higher in spring wheat areas, but farmers intend to increase plantings because of reduced acreage conservation requirements-30 per cent of the wheat base, compared with up to 50 per cent in 1984. Reuter

dicting a cut in official prices from non-Opec sources. In the by the Organisation of Petro-first quarter, demand fell by leum Exporting Countries one per cent from last year's

There is nothing there at all for Opec in the next 18 months," said one oil industry planner. "They will have to stick to 16m b/d output or

Although Opec has surprised many in the industry by successfully reining in production from last years 17.2m b/d to an estimated 16m to 16.5m b/d in the first four months of this year, it is now widely expected that Opec will have to tighten its belt further this year, or face further price instability. The organisation's official ceiling on output is 16m b/d, imposed on an emergency basis

This state of affairs is conor 1986. Oil companies expect tinuing to cause serious econo-that any extra demand will be mic pressures on weaker Opec

such as Nigeria which has been exceeding its permitted quota for several

Oil company planners say that the weakening of the U.S. economy will combine with a stabilisation of oil company stocks to produce a no growth outlook in the remainder of this year. They also fear that the next two years will continue to see further delayed action effect of conservation measures set in train following the 1979 oil

Most oil companies now selieve that there will be no significant recovery in oil markets before 1990, although several remain confident that in the 1990s, the oil industry will again enjoy rising real prices and even boom conditions. Short-term nervousness in the

industry has recently fed through to Wall Street, where a number of leading analyst

Action urged on Kuala Lumpur market reform

BY WONG SULONG IN KUALA LUMPUR

MALAYSIAN MALAYSIAN PALM oil growers and traders, facing the prospect of huge volumes of oil from the estates in the second half of the year, are pushing for an early start-up of the proposed reformed Kuala Lumpur Commodities Exchange (KICE)

A major step towards the re-storation of confidence in palm oil futures trading was taken recently through the registra-tion of a new clearing house. However, there appears to be some delay over the necessary legislation to b tabled in Parliament, as the oGvernment debates whether it should amend the present Commidities Trad-ing Act or to replace it with a

new one. The current official thinking is inclined towards a new act as the proposed amendments are likely to be extensive, and could prove complicated.

The imnistry of Primary Industries is hopeful that the

necessary legislation will be ready for Parliament's ap-proval in July, but officials are still worried whether there would be sufficient confidence by then to generate meaningful trading volume.

The four-year-old KLCE has been crippled by a massive default on palm oil contracts in February last year, and since January this year there has been no palm oil trading as traders await for the introduction of reforms.

Growers and traders say they are confident there would be interest on the reformed KLCE as they are keen to hedge because of the huge output expected from July

Malaysian palm oil output between January and May is estimated at around 200,000 tonnes a month, but is projected to rise as high as 500,000 tonnes

European producer zinc prices reduced

By Andrew Gowers

TWO LEADING European zinc producers, Metalligesellschaft and Billiton, cut their producer prices by \$30 to \$930 a tonne yesterday, apparently in reaction to a continuing decline in zine consumption. Zinc prices on the London

Metal Exchange did not react to the cuts, which dealers said fell somewhat short of expec-tations. The LME cash price closed yesterday at £635.50 a tonne, still more than \$100 below the producer price.

North American producers

are expected reluctantly to fol-low the Europeans at least part of the way down later. has been falling for about nine

months, while production has been holding steady. Analysts Shearson Lehman said in a re-port yesterday that last year's market deficit may be elimin-ated altogether this year.

WEEKLY METALS · All prices as supplied by Metal Bulletin.

ANTIMONY: European free market 99.6 per cent, \$ per tonne, in warehouse, 2,60-2,650. BISMUTH: European free market, min. 99.99 per cent, \$ per lb, tonne lots in warehouse, 5.15-5.40.

CADMIUM: European free market, min. 99.95 per cent, \$ per 1b, in warehouse, ingots, 0.86-0.92, sticks, 0.84-0.90. COBALT: European free

market, 99.5 per cent, \$ per lb, in warehouse, 11.35-11.50. MERCURY: European free market, min. 99.99 per cent, per flask, in warehouse, MOLYBDENUM: European

free market, drummed molybdic oxide, a per Ib Mo, in ware-house, 3.68-3.80. SELENIUM: European free market, min. 99.5 per cent. \$
per lb, in warehouse, 7.00-7.40.
TUNGSTEN ORE: European free marke, standard min. 65 per cent, \$ per tonne unit WO, cif, 65-70. VANADIUM: European free

market, min. 98 per cent V²0⁵, other sources, \$ per lb V²0⁵, cif, 2.25-2.30. URANIUM: Nuezco exchange value, \$ per lb U³05, 14.25.

John Buckley on problems facing Europe's rapeseed industry

Clouds over the golden fields

EUROPE'S RAPESEED bonanza Europe in the late summer the Community as a whole is running into trouble. Falling destined for the key industrial hover around last year's level of product prices, uncertainty over the threat of cheap foreign oil- line, prospects for European seed and oil competition have crops are far from bright folcombined to cast a long shadow over the crushing industry, dry spring, UK rapeseed crops After years of unbridled expan- are now flowering around the sion farmers may have to face country but the stands are increasing exposure to the open market, merchants and crushers

That the Common Agricultural Policy's (CAP) rapeseed regime might run out of cash is no new theme but until recently it has been held at bay by a fortuitous run of events, not least the U.S. soyabean shortage, which last season narrowed the gap be-tween EEC and world prices for the raw material of crushing. Now, however, that gap seems to be yawning anew—at just the wrong time—as the European Commission struggles to seek new ways of making economies on CAP spending.

The problem is compounded by the sliding price of rapeseed oil, the crushers' primary product accounting for about three-quarters of the value of every tonne of oilseed crushed. Already this market is coming under pressure from increasing raised areas by 6 per cent and supplies of soya, sunflower and 10 per cent respectively but fish oils, while a palm oil slick may also face lower yields due could well be drifting towards to the weather. Predictions for

At the other end of the pipe-

lowing a hard winter and a cold visibly shorter than last year and growth in some areas is ten to 14 days late. It is difficult to gauge the likely impact on seed output but already some observers are making comparisons with the 1983 and 1984 weather patterns when yields fell to little

At this stage, however, a popu-ar "guesstimate" is nearer 1.25 tonnes which, on a 7 per cent rise in area should see a broadly in line with last sea Anything less, brokers say, could put crushers in a squeeze, since their capacity has expanded to 600-700,000 tonnes while the export market has grown this season to about

Much depends on the performance of Britain's EEC neighbours, especially France and West Germany, which have

still swing several could hundred thousand either way in the next month or two.

Crushers have been keeping a nervous eye on the oil market for some months but it is only within the past six weeks that real cracks have begun to appear with a fall of over £100 per tonne. On the Continent, prices of market leaders soys and palm are tectering on the brink of collapse as traders contemplate bumper new crop supplies swamping the market in the summer. Even the possi-bility of cuts in U.S. soya acre-

Prospects for rapemeal usage are no brighter as warmer weather cuts animal feed use. have kept prompt prices in the £90s, new crop prices of about £75 per tonne have left con-

Canadian seed was recently offered, but farmers have been reluctant to sell forward until support for the crushing the size of the new crop is industry or to risk the appear-

3.5m tonnes - but that figure retreat in support from Brussels. Like cereals, rapeseed has yet to face the EEC axe and may well come off lightly at the farm gate. However, processors are deeply concerned about the fall in crush point subsidy, without which their operations would be hopelessly uneconomical.

Last week subsidies were cut to between £57.14 and £42.67 per tonne, despite crusher complaints that margins were becoming unworkable. New-crop subsidies are still provi-sional since 1985/86 farm prices bility of cuts in U.S. soya acre-age has been shrugged off amid the bear sentiment, traders say. to be agreed. In past years the Commission

has been prepared to pay up to £170 per tonne in crushing aid, during periods of intense competition but in recent seasons the rate has fallen to between £60 and £90 per tonne.

POUNL

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Service Branch Branch

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Merchants have been forecast- this has been necessary because ing a fall in new crop rapeseed of the expansion in EEC crops prices, perhaps to the £250 per from 2m tonnes in 1981 to tonne level at which level 3.5m tonnes last year. Now, 3.5m tonnes last year. Now, however, the Commission has a clearer.

ance of another candidate for The crusher's plight is plain, the bulging intervention stores?

Pakistan hopes for record rice crop

BY MOHAMMED AFTAR IN ISLAMARAD

an all-time high, consolidating its position as the world's third

According to the second estimate from the Ministry of esumate from the ministry of Food and Agriculture, production has risen to 3.457m tonnes, a 3.5 per cent increase from last year's 3.339m tonnes. This reflects a 1 per cent increase in the area cultivated, to 2.017m howevers. to 2.017m hectares.

Exports are also expected to be higher than last year. Pakistan traditionally exports about im tonnes of rice a year, putting it behind Thailand (exporting 3m tonnes) and the U.S. (with 2.4m tonnes) in the world league. The crop is a major foreign exchange earner, and Pakistan's top food export. Yields remain low by inter-national standards, however.

attain a production target of 4.2m tonnes by June 1988, when the country's sixth five-year plan ends. To achieve that will require strenuous efforts to expand the area in production and to boost yields by develop-One problem in increasing

is that Pakistan's premier rice export, the fragrant long-grained "Basmati" variety, can only be grown in three administrative districts of Punjab province. Yields can be boosted there, but there is simply not enough room significantly to increase the acreage. Pakistani farmers are also

making efforts to reduce post-harvest losses, which currently total between 10 and 15 per

PAKISTAN IS hoping that its Current production works out cent of the crop, and are look- an overland rail and road route rice crop this season will be at about 1.7 tonnes per hectare. an all-time high, consolidating Pakistan is striving hard to and residues from rice production.

26.30 25.28 25.28 26.28

by 02

Low Prev
314.5 313.2
314.3 314.0

-- 315.6
317.4 322.3 321.3
328.0 325.4
332.0 329.9
337.5 334.4
343.0 338.3

-- 349.6
358.0 355.1
262.6 360.9

Prev 70.48 69.36 70.00 70.75 71.66 72.56 73.65

Prev 288.6 269.5 271.2 276.2 281.9 287.7

Canta/troy oz

Low Prav
612.0 609.3
616.0 611.0
615.0 622.2
636.0 632.2
645.0 638.8
651.0 648.8
656.0 658.9
656.0 680.0

9:3.26 3.26 3.46 3.85 4.25 4.40 4.59 4.73 4.92

Low 70.60 69.30 69.90 70.70 71.70 72.90 73.45

June
July
August
Oct
Dec
Feb
April
June
July

rice husk, 24,000 tonnes of bran, 5m tonnes of straw and 550,000 tonnes of broken rice go to waste every year. These products can be used for manufac-turing carbon and liquid sugar, cording to the Government's Investment Advisory Centre. • The Rice Export Corporation

of Pakistan (RECP) has concluded an agreement to sell 75,000 tonnes of Irri rice to the Government Trading Corpora-tion of Iran, between June and October this year. Under the agreement Iran has the option to purchase an additional 15,000 tonnes of rice, if required, at a Rice deliveries will be made

by sea. The two countries have

CRUDE OIL (LIGHT) 42,000 U.S.

26.40 26.40 26.40 26.40

Close 317.1 317.9 319.6 325.4 325.6 334.1 338.7 343.7 343.7 345.9 354.1 359.7 365.6

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

GOLD 100 troy oz. \$/troy oz

Du Pont grants for

European education MORE than \$500,000 (£389,863) will be granted by the Du Pont company to institutes of higher learning in Europe as part of the company's 1985 Aid To Education programme. Amo the recipients are universities in the UK, France, West Germany, the Netherlands, Belgium, Switzerland, Austria, Norway and Sweden

The grants are given by Du Pont and Conoco, its energy subsidiary, in support of education and research in life polymer oetroleum engineering, chemistry, electronics, geology and geophysics.

Close High 63.17 63.57 64.32 84.95 62.95 63.20 63.92 64.30 64.62 64.95 65.70 65.75

15gh 47.85 50.47 50.60 47.30 48.20 48.40 46.00 48.35 49.50

MAIZE 5.000 bu min, cents/56-lb bushel

Close High 283.0 283.2 275.0 276.2 260.6 282.5 266.6 288.6 266.6 258.6 270.6 271.6 270.6 273.4

PORK BELLIES 38,000 lb. cents/lb

SOYABEANS 5,000 by min

High 65.05 66.35 65.92 73.75 73.50 74.00 74.70

High 580.2 575.4 576.4 576.2 683.6 694.0 504.4 568.0 560.2 568.0 568.0 575.4 567.4 569.0 576.4 568.0 576.2 575.2 568.0 576.2 563.6 575.4 587.2 564.0 565.0 587.2 804.4 567.0 670.4 616.4 610.4

SOYABEAN OIL 60,000 ib, conts/ib

Close High 32.92 31.20 30.35 31.26 29.27 29.90 27.30 27.95 24.47 27.65 25.65 28.15 25.38

48.22 48.92

LONDON MARKETS

BASE METALS LME prices supplied by Amalgamated Metal Trading

ALUMINIUM

Unofficial + or High flow £ per tonne Cash £873-4 +7.5 — 3 months £895-5 +7.5 1899/889

Official closing (am): Cash 872-.5 (864-.5): three months 894-5 (885-.5); settlement 872-5 (864.5). Final Kerb Close: 995-.5. Turnover: 13,900 tonnes.

COPPER

Higher grade close ! + or High/Low Cash 21173-6 +5.5 1178/1173 Three m'nths £1177-6 -1.26 1186/1166 Official closing (am): Cash 1177-8 (1156.5-7.5): three months 1185-8 (1165.5-7): settlement 1178 (1157.5). Final Kerb Close: 1178-9.

Official closing (am):, Cash 1171-3 (1,148-50): three months 1174-5 (1152-4): settlement 1173 (1,1500). Turnovar: 27,100 tonnes. U.S. Producer prices 70.0-74.0 cents per pound.

LEAD

Unoffic al + or Highwood closerp.m.) -£ per tonne Cash £292-3 3 months £29-7.8 Official closing (am): Cash 288-93 (290-5): three months 295.5-8 (297.5-8); settlement 290 (290.5). Final Kerb Close: 297-5. Turnover: 2550 tonnes. U.S. Spot: 20.0-21.0 cents per pound.

NICKEL

Unofficial + or High/low closesp.m.) — £ per tonne Cash 24450-5 -10 4474/4688 3 months 24382-5 +22,5 4425/4685 Official closing (sm): Cash 4455-80 4500-5): three months 4400-10 (4360-0): settlement 4460 (4505), Finel Kerb lose: 4395. Turnover; 732 tonnes.

TIN

High grade Unofficial + or High/flow close \p.m\. — for day Cash 29630-40 +77.5 -3 m onths 29605-10 -73.6/9601/9610 Official closing (am): Cash 9490-5 (9548-50); three months 9485-70 (9416-20); settlement 9485 (9450).

Cash £9530-40 +77.5 5 m mths £9485-9690 +70 9501/942 Official closing (am): Cash 9490-5 (9447-50); three months 9455-6 (9408-6); sattlement 9445 (9450). Final Kerb close: 9480-50. Turnover: 1,100 tonnes. Straits tin \$m29.26 (29.32) kilo.

ZINC

Cash 2636-5 +1.9 -

MATERIAL PROFESSION OF THE PROPERTY OF THE PRO

MAIN PRICE CHANGES

	May 21 + or Month 1985 — ago
METALS	
Aluminium	£1100 j £1100
Free Mkt	S1145/175 S1150/178
Соррег	
Cash h Grade	£[£1174 ++5.5 £1216.75
ā mths	£1177.5.—1.25£1171.25
Gold troy oz.	\$317.5 : 6.758326.5
Lead Cash	£292.5 +8 £310 £297.5 -1.25£309.25
3 mths	£297.5 -1.25£309.25
Nicke I	
Free Mkt	250/288c 246/2/76c
Paliszium cz	\$106.75 -4.5 \$110.75
Platinum oz .	\$274.60 - 8.58 \$280.75
Quicksilvert	\$289/290 2288/290
Silver troy oz	486,50p -22,60499,90p
	501.55p-22.75614.90p
Tin cash	
3 mths	£9497.5 + 70 £9225
	879.03
Wolfram 22 04	Hb \$68/71 \$72/74
Zing	£685.5 (+1.5 £708
3 mths	\$646.25 +0,75£701.5
	8966/960
	•

GOLD

GOLD BULLION (fine ounce) May 21

GOLD AND PLATENUM COINS Krg'rind , \$3264, 5274, 14 Krus. \$16812-169
14 Krus. \$16812-169
14 Krus. \$68 6612
178 Krus. \$6514, 553, 14 Mapleled \$3263-3574, New Sov. \$744-75, 14 New Sov. \$7464-46
Cid Sov. \$7612-78
SO Eagle \$440-480
Noble Plat \$2823, 486

Silver was fixed 22.6p an ounce lower for apot delivery in the London builtion market yeaterday at 486.5p, its jowest level for over 2½ years. U.S. cant equivalents of the fixing levels were: spot 621.5c, down 34.25c; threa-month 633.7c, down 34.25c; aixmonth 647.65c, down 35.05c; and 12-month 647.65c, down 35.05c; and 12-month 647.5c, down 36.25c. The metal opened at 484-487p (619-622c) and closed at 487-480p (619-622c).

FREIGHT FUTURES

Sugar (raw) Wooltops 64s

GOLD

Gold tell \$5% on ounce from Monday's close in the London builion market yesterday to finish at \$317%. The metal opened at \$315%. 316 and traded between a high of \$317%-\$17%, and a low of \$318%-314. The lower trend reflected on improvement in the dollar following yesterday's U.S. GNP figures with an implied increase in inflation also reducing the scope for lower interest rates.

Close \$31714-21734 (£24912-250) Opening \$31612-316 (£247-44712) Kfmirg (tx, \$316.50 (£247-362) Aft'n'infbr. \$314.90 (£248.775)

WHEAT

Buillon | or LM.E. | or fixing p.m. Unoffic'

LME — Turnover: 67 (57) loss of 10,000 oz. Three months high 503.5, low 489,

Close High/Low, Prev. 887/990 890/894 880/895 936/895 940/895 956/935 936/935 1956/1010 — 1000/1040 920/945 995/1045 995/1030 — 966/1030 — 966/1030 — 966/1030

7

May 31 + or Monti Copra Phil \$495x —10 1 \$490 Soyabean (U.S.) | \$238,75 +0,55 \$250.5

GRAINS Old crop wheat rose on steadler physical trade and remained in a 200 range throughout the day closing just steady. New crops lost 20p on hadge selling but regained the losses, reports Mulrpace.

98.90 109.50 106.05 109.05

Jan | 106.80 |+0.18| 106.05 |-0.25

May | 110.05 |+0.95| 108.05 |-0.25

Business done—Wheat: May 118.908.75, July 121.45-1.25, Sept 98.95-9.70.
Nov 103.20-3.00, Jan 108.80-6.55, Merch
108.90-9.80. Seles: 160 lots of 100
tonnes. Barley: May 112.80 only. Sept
98.90-8.90, Nov, Jan and March untreded. Sales: 11 lots of 100 tonnes.
LONDON GRAINS—Wheat: U.S. dark
northern spring No 1 15 per cent June/
July 142, Aug 142.25, Sept 140, sellers
transshipment east coast. U.S. No 2
soft red winter June 124.25, July 124,
Aug 125.00, Sept 128.50 sellers. EC
harvest 119 quoted. English feed fob
June 124. Sept 101. Oct 104. Oct/Dec
106, Jan/March 112, sellers east coast.
Maiza: U.S. No 3 yellow/French transshipment east coast. Rest unquoted.
HGCA — Locational ex-farm spot
prices. Feed barley: E. East 111.50,
W. Mids 110.40, N. West 113.40. The
UK monetary coefficient for the week
beginning Monday May 27 (based on
HGCA celculations using 5 days'
exchange rates) is expected to change
to 0.977.

exchange to 0.877. RUBBER

PHYISICALS — The London market opened easier, fluctuated with currencies throughout the day and closed uncertain, reports Lewis and Pear. Closing prices (buyers) spot 63.00p (asme); June 86.25p (asme); July 66.75p (asme) Lampur (ob price for RRS No 1 was 190.5 (191.75) cents a kg and for SMR 20 was 180.0 (181.0). COFFEE

Commission house buying during a quier morning prompted gains of £15-20, reports DBL. Lower sterling and a slightly steadler New York elded a further risk in the afternoon before profit-taking and dealer salling trimmed gains towards the closs. COFFEE Yesterd'yr + or Businosi

INDICES FINANCIAL TIMES May 20 May 17; M'th ago Year ago 285.79 287.19 | 298.35 | 323.50

REUTERS May 21 May 20 Mith ago Year ago 1622.8 1814.9 1882.4 . 2010.7

May 14 May 13 M'th ago Yearago 921,9 925,9 — — DOW JONES Dow May May Month Year Jones 14 15 ago ago

Spot 117.91117.84 - | - | Fut. (182.62182.83 - | - | - | (Bess: December 31 1974 - 100)

COCOA Futures traded in a narrow range throughout a dull day. Producers remained withdrawn but some light consumer and second-hand interest was E per tonne

1735-1748 -30.0 1750-1744 1781-1782 -8.5 1785-1775 1772-1773 -7.5 1775-1776 1746-1747 -5.0 1748-1745 1755-1767 -8.5 1778-1788 1767-1770 -2.5 1778-1788 1771-1785 -4.5 Selea: 1,533 (2,885) lots of 10 tonne ICCO indicator prices (U.S. cen per pound). Daily price for May 2 96.51 (97.00): five-day average for M 22: 96.82 (97.54).

SUGAR LONDON DAILY PRICE—Raw sugar \$90.00 (£70.50). up \$3.00 (up £3.00) a tonne for May-June-July delivery. White sugar \$137.50, up \$4.00. Prices rallied during the morning but when New York failed to hold up loases of \$2 were recorded, reports

Sales: 1,404 lots of 50 tonnes. Tate & Lyle delivery price for grenu-lated basis sugar was £177.50 (£174.00) a tonne for export. International Sugar Agreement—(U.S. Cants per pound fob and stowed Carib-bean ports.) Prices for May 20: Dally price: 2.91 (2.77): 15-day average 2.84 (2.85).

SOYABEAN MEAL Volatile currency fluctuations and reduced physical business made for desturbless day's trading.

Sales: 84 (177) fors of 20 tonnes,

M. 1111 1 .

Several Jume North See cargoss were traded, including Forties, at \$26.35 for early-Jume loading. Arab Gulf crudes traded thinly. Nymex opened 10s up and traded 15c up at 1 pm EST. In the petroleum products market gasoil prices finned on end-user Continental demand via the barges. Cracked high SPOT PRICES

Arab Light 26,52 22,78 | -0.05
Arab Hesvy 25,18 25,29 | -0.05
Brent Blend 25,18 26,29 | -0.25
W.T.J. (1pm est) 25,50 28,19 | -0.25
Forcados (Nigeris) 25,49 28,59 | -0.25
Urats. (cif Med) 28,98 25,70° | -0.05 PRODUCTS—North West Europe Prompt delivery oif (\$ per tonne)

CRUDE OIL—FOB (8 per barrel)— June

• May GAS OIL FUTURES

216,78 215,50 216,75 219,00 221,50 223,50

POTATOES

Old crop May remained firm pushing up £8 to close at the day's highs. Short-covering on new crop led to slightly higher values in basically quiet trade, reports Coley and Harper. £ per tonne May..... 68.00 62.00 Nov.... 64.30 64.00 Feb... 78.50 78.00 Apr.... 85.20 84.00 Msy... 90.50 90.00 62,00 | 86,00-65,60 64,00 | 84,50-84,00 73 00 | 84,50-84,00 94,80 | 88,89-84,60 90,00 | 91,50-86,60 Sales: 192 (189) lots of 40 tonnes.

p. per kilo (deadweight) June... 107.60 | 107.90 | 107.90-107.86 Aug.... 101.40 | 101.50 Oct... 106.60 | 106.70 | ... Nov... 106.90 | 106.80 | ... Feb... 99.30 | 99.70 | ... April... 99.80 | 99.90 | ...

MEAT

U.S. MARKETS as sellers turned cautious and

economy. Sugar weakened as producer selling emerged. Good availability of coffee in New York pressured values. Cocoa traded steady reflecting better cash offtake. Cotton was

Prices eased back alightly due light profit-taking in a featuraless m ket, reports CCST Commodities.

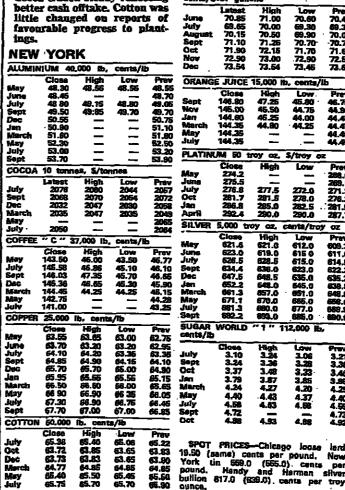
Selea: 3 (44) lots of 50 carceses 3,250 kg.

PIGMEAT

SMITHFIELD MEAT—Penca par pound.
Beef—Scotch killed sides 78.0-82.0;
English forequarters 65.0-58.0; Ulster hindquerters 88.0-102.0. Veal—Durch hinds and sade 138.0-143.0. Lamb—English small 88.0-98.0, heavy 80.0-95.0; Imported New Zesland PL 65.6-65.5, PX 65.6-68.5, PX 65.6-65.5, PX 65.6-65.5, PX 65.6-60.5, AMEAT COMMISSION—Average (statock prices at representative markets. GB—Cattle 100.85p per kg tw (+0.43). GB—Sheep 185.85p per kg est dcw (-25.81). GB—Pigs 80.85p per kg tw (-1.30). LONDOM NEW ZEALAND CROSS-BREDS-Close (in order: buyer, seller, business). New Zealand cents per kg. May buyer unquested, 605, 512; Au, 532, 534, ml; Oct 532, 534, 533; Dec

HEATING OIL traded moderately higher after a strong opening. As anticipation of a tight product stock report attracted some shortcovering, reports Heinold Commodities. Grains and soya-beans were mostly lower with nearby soya oil the only source of strength. Heavy local selling in the grains pressured all markets to lower levels. Precious metals firmed short-covering emerged on the upward revision in the GNP deflator. Copper firmed on substantial stock drawdowns in exchange warehouses. Alu-minium continued to falter on economy. Sugar weakened as

little changed on reports of favourable progress to plant-NEW YORK ALUMINIUM 40,000 fb, cents/lb



OTHER MARKETS

WOOL FUTURES

1.06 3.28 3.33 3.85 4.20 4.37 4.58 149h 3.24 3.36 3.48 3.87 4.27 4.43 4.63 JT PRICES—Chicago loose lard (same) cents per pound. Now un 559.0 (555.0), cents per d. Handy and Harman silver in 617.0 (639.0), cents per troy

532, 534, 534-533; Jan 534, 536, 536-535; March 544, 646, nil; May 549, 551, nil; Aug 562, 565, uil; Oct 560, 565, nil. Salas: 23. SYDNEY GREASY WOOL-Close (in order: buyer, seller, business).
Australian cents per kg. May 615.0, 630.0, 622.0; July 625.0, 633.0, nil; Oct 620.5, 623.0, nil; Dec 622.0, 628.0, nil; Mar 628.0, 630.0, nil; May 636.0, 643.0, nil; July 640.0, 655.0, nil; Oct 618.0, 630.0, nil, Sales: 6. SUGAR—(FFr per tonne): Aug 1276/ 1277. Oct 1296/1300, Dec 1316/1322, Mar 1368/1370, May 1416/1420, Aug 1470/1479, COCOA—(FFr per 100 kg.): May 2000/2100, July 2060/2130, Sept 2069/ 2070, Dec 2047/2048, Mar 2055/2067, May 2065 bid. July 2055 bid.

COTTON LIVERPOOL—No spot or shipment siles were recorded. Operations were it minimal levels and demand failed to show any expension.

HIDES — Birmingham (Manchester), Second clears. Oct 31-35.5 kg. 93.6p a kg withdrawn (98.7p); 26-31.5 kg. 109.1p a kg (110.1p); 22-25.5 kg. 124.1p a kg (123.7p). Cows; 25.5 kg. 119.3p a kg (118.1p withdrawn).

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

FINANCIAL FUTURES

Dollar up despite GNP figures

The dollar finished up from Monday's closing levels in London yesterday although it was some way below the day's best levels. Initial trading saw the dollar confined to a fairly narrow range ahead of final figures on U.S. first quarter GNP. These showed a rise of 0.7 per cent, some way below the previous revision of 1.3 per cent. Despite this, initial trading after the announcement saw heavy corporate demand for the dollar. Many participants had been holding back on dollar purchases until the figures had been released.

Short covering developed as more people were caught off balance but profit-taking developed towards the end of the day and the dollar gave up nearly 3 prennigs from the day's high of DM 3.0930 against the D-mark to close at DM 3.0870, still well up from DM 3.0340 on Monday. Part of the earlier demand was centred on a

-	
further increase in the implicit price deflator which suggested a further rise in inflation. This could ultimately colour any judgment on lower interest rates. Comments by Mr James Baker, U.S. Treasury Secretary, that the U.S. economy would rebound in the third and fourth quarter but only after a poor second quarter, came too late to have any real effect on rates.	Swaning Y2 agr FF Bar ind \$ \$ 1.25

The dollar closed at wFr 2.5840 from SwFr 2.5825 at Y250.25 compared with 349.60. It was also higher vaints the French franc at Fr 9.3550 from FFr 9.28. On ank of England figures, its dex rose to 145.4 from 143.9. STERLING — Trading range values the dollar in 1985 is 2940 to 1.0525. April average 2414. Exchange rais index fell

414. Exchange rate index fell EMS EUROPEAN CURRENCY UNIT RATES

	rates	Pgainst Ecu May 21	contrai cintrai	adjusted for divergence	Diverge limit
elgian franc	44,9008	45.1228	+0.49	+0.60	±1.547
mish krone	8.14104	8.05068	-1.11	~-1.00	±1.641
erman D-mark.	2.24184	2.24124	-0.03	+0.06	+1.147
anch franc	6.87456	6.83701	-0.55	-0,44	±1,368
nch guilder	2.52695	2.53179	+0.23	+0.34	+1.577
sh punt	0.72568	0.716220	-1.30	~-1.19	±1.667
dien lire	1403.49	1433,23	+2.12	. + <u>2.12</u>	±4.041
Change weak o	is are for E currency. A	cu, therefore plustement calcu	positive ch plated by (unge denotes Financia) Times	a i,

Sterling recovered from a low of \$1.2595 against the dollar to finish at \$1.2720. This was still down from Monday's close of \$1.2825. However the pound retained a fairly strong undertone, helped by high interest rates and the unlikelihood of any short-term fall. This was shown in its performance against major European currencies where it rose to DM 3.8975 from DM 3.8925 and SwFr 3.275 from SwFr 3.2700. It was also higher SwFr 3.2700. It was also higher against the French franc at FFr 1.87 compared with FFr 1.8450. Against the yen it eased to Y318.5 from 320.

£ IN NEW YORK

POUND SPOT-FORWARD AGAINST POUND

	Day's	Clesa	_One month	%	Three	7
May 21	spread			p.a.	months	p.
<u>υ.s.</u>	1,2595-1,2020	1.2715-1.2725	0.58-0.53c pm	5,14	1.45-1.40pm	4.
Canada	1.7410-1.7510	1.7430-1.7470	0.56-0.47g pm	3.54	1.39-1.25cm	3.
Nethind.	4.35 - 4.41%	4.30 2 4.40 2	2-r-2c pm	5.80	61 ₈ -57 ₁ pm	5.
Balgium	79.12-78.77	78.25-78,35	30-25c our	4.21	73-64pm	3.
Denmark.	13.96 - 14.03 4	14.001-14.013	47-37-ore pm	3.69	121 ₄ -111 ₂ pm	3.
iretand	1.2422-1.2500	1-2470-1-2480	0.19-0.02p pm	1.01	0.39pm05d	
W. Ger.	3.882-3.91	3.891-3.891	21-21-of pm	7.50	64-65pm	ě.
Portugal	217' 224	219-223	95-420c dis		320-1215dle	-13.
Spain	2177-2207-	220-220-	50 pm-25 dis	-0.54	15-70dis	-0.
italy	2,4794-2,4995	2,482 - 2,483 2	4-par tire pm		4pm-Zdis	-Ğ.
Norway	11.20 - 11.27	11.243-11.253	7 _e −2 _e ora pas	0.53	Som-Sale	
France	11,853-11,933	11.86 - 11.87 -	3-21-c pm	2.78	712-6120m	2.
Sweden	71.25-11.23	11.27-11.28	21/-31 ore dis	-3.26	81, 61, dis	-3.
Japen	316-320	318-319	1.81-1.71y pm		4.94-4.80pm	6.
Austria	27.20-27.47	27.39-27.45	15's-13'-gro pm	8.43	40's-36'spm	5.
Switz_	3.261-3.30	3.28 - 3.294	212-21 ₁ C pm	9.44	6-5 ⁷ epm	7.

DOLLAR SPOT-FORWARD AGAINST DOLLAR

OTHER CURRENCIES

Fort grants for

pean education

2.450

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And the state of t

A MARKET

May 21	1	1		2
			<u> </u>	Note Rates
Argentina Peso.	669,62-670,56	595,40 528,60	Austria	27.30-27.60
Australia Dollar,	1,8230-1,8270	1.4445 1.4465	Seigium	78,50-79,30
Brazil Cruzeiro	6,717-6,747	0.270 0.290	Debmark	13.96-14.10
Finland Markka		6.3980 6.4000	France	11.B5-11.94
Greek Drachma.	170.07-174,01	138.06.135.94	Germany	3,68-3,98
HongKong Dollar	9,8080 9,8300	7.7725 7.7746	Italy	2475-2510
iran Rial	1 118.60° i	* 92 <u>.20</u> *	Japan	318.328
KuwaitDinar(KD)	0.3823-0,3828	<i>.</i> 0.50260 0.50270	Notherlands	4.583.4.421a
Luxémbourg Fr	78,25-78,35	51,50 61 60	Norway	11.20-11.31
Malaysia Dollar_	3,1050-3,1157	2.4610 2.4640	Portugal	212-227
New Zealand Dir.	2.8000-2,8100	1 2 2040 2 2090	Soalo	2124-2214
Saudi Arab Rival	4,6616 4,5658	3,6103 8,6108	Sweden	11.25-11.37
Singapore Dollar	2.7900-2.7995	2.2110 B.2140	Switzerland	3,2719-3,3119
9th African Rand	2.4885 2.5015	1.2850 1,9890	United States	1.27.1.29
U.A.E. Dirham	4,6395 4,6445	3.6/20-3,5730	Yuposlavia	320-350
		4 Seiling rate.		
	•	delining tem-		

es May 31 England Guaran Index Change				 -
Index Change	es	May 21	Bank of England Index	Morgan Guarant Change

May 21	Bank of England Index	Morgan Guaranty Change
Sterling U.S. dollar U.S. dollar Canadian dollar Austrian schilling Belgha, franc Danish Kroner Deutsche mark Swiss franc Guilder French franc Lira Morgan Morgan Guzmty 1990-1982=100. St		

May 21	rate	Drawing Rights	Currency Unit
Sterling U.S. \$. Canadian S. Austria Sch. Belgian Fr. Danish Kr. Dmark Guilder French Fr. Lira. Ven. Kr. Norway Kr. Span'h Pta. Swiss Fr. Swiss Fr. Sreek Or'ch	11.5 4	0.996744 21.3782 61.2100 10.9044 3.04306 3.4329 N/A 1945.40 249.286 8.78636 171.464 N/A 2.56313	6.93701 1433.28 183.963 6.47291 186.479 6.51159 1.89002 18.9619
*CS/SDR GM			

EXCHANGE CROSS RATES

May 21	Pound St'rling	U.S. Dodar	Deutschen	k, J'panese Yer	FrenchFranc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Fran
Pound Sterling	0,786	1.272	5,896	318.5	11.87	3,288	4.400	2483.	1,746	78.30
U.S. Dollar		1.	3,067	250.3	9,356	2,584	3,458	1962.	1,378	61.55
Jepanese Yen 1,000	0.957	0.526	1.	81,72	3.046	0,843	1,129	637.1	0.448	20.09
	3,140	5,994	18.24	1000.	37,27	10,32	13,81	7796,	5,479	246,8
French Franc 10	0,848	1.072	3,983	268,3	10.	2,770	5,707	2092.	1,470	45.96
Swiss Franc	0,804	0.387	1,186	96,68	5.611	1,	1,538	755.3	0,581	23.82
Dutch Gulider Italian Liva 1000	0.403	0.989 0.512	0,886 1,670	79,39 188,3	2,698 4,781	0.747 1,324	1,772	564.3 1000,	0.397 0.703	17.80 31.53
Canadian Dollar	0,878	0,729	2,234	198.5	6,802	1,884	2.521	:423	2,229	44.87
Belgian Franc 100	1,277	1.625	4,978	406,8	15.16	4,199	5.619	3171		100.

EURO-CURRENCY INTEREST RATES

(Market	closing	rates)
---------	---------	--------

May. 21	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	italian Lira	Ba)glai Conv.	Franc Fin,	Yen	Danish Krone
Short-term 7 days' notice	185g-181g 185g-181g 185g-185g 185g-185g 185g-186g 185g-186g	715 · 715 715 · 715 714 · 718 716 · 8 818 814 856 814	84, 8 81, 91, 87, 91, 91, 81, 93, 95, 95, 97,	714-744 714-749 613-714 614-613 614-614	4-41 ₂ 214-234 51 5-613 613-514 613-514 5-613	53g-51g 53g-51g 54g-51g 6-1g-51g 531g-55g 35g-53g	104-104 104-104 104-104 104-104 104-104 104-104	111g-121g 121g-131g 121g-123g 121g-13 15-151g 156g-14	91g-93g 91g-91g 91g-9 991g 991g	816-814 816-816 818-816 818-816 818-816	5-814 619-616 814-616 513-636 613-639 613-618	8-81 ₆ 85 ₆ -91 ₈ 87 ₆ -91 ₆ 9-91 ₆ 91 ₄ -93 ₄ 91 ₄ -101 ₉

Asian \$ (closing rates in Singapore): Short-term T^{2}_{3a} , per cent; seven days T^{2}_{1a} , per cent; one month T^{2}_{1a} , per cent; asix months S^{2}_{1a} , per cent; one year S^{2}_{1a} , per cent. Long-term Eurodollist; two years S^{2}_{1a} , per cent; three years 10^{2}_{3a} , 10^{2}_{3a} cont; five years 10^{2}_{3a} , 10^{2}_{3a} cont; five years 10^{2}_{3a} , 10^{2}_{3a} cont; five years 10^{2}_{3a} , 10^{2}_{3a} cont.

MONEY MARKETS

UK rates steady in quiet trading

Interest rates showed little change in London yesterday. The added \$500m. Temporary facilities offered to banks yesterday at 12 per cent.

To help alleviate the shortage the morning of £215m through the Bank offered an early round purchases of £180m of eligible to the short and £100m in band 3 (34-63 days) at 12 per cent and £20m, having revised the forecast and £20m in band 4 (64-91 days) at 12 per cent and £100m. The afternoon help comprised purchases of £150m of eligible to the bank bills in band 1 at 127 per cent and £160m in band 2 (34-63 days) at 125 per cent and £20m, having revised the forecast and £20m in band 3 (34-63 days) at 125 per cent and £20m, having revised the forecast and £20m in band 4 (64-91 days) at 125 per cent. U.S. iniagon. Furthermore, the scope for any fall in UK rates was considered fairly remote in the short term, pending some improvement in domestic economic indicators. Three-

economic indicators. Three-month interbank money was quoted at 12%-1211 per cent from 12%-121 per cent, while three-month eligible bank bills were bid at 12 per cent unchanged from Monday.

The Bank of England forecast a shortage of around £1,000m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £289m and the

UK clearing banks base leading rate 12}-12; per cent since April 19.

unwinding of previous sale and repurchase agreements a further £816m. In addition, the maturity of previous gilt/export credit repurchase facilities accounted for £888m and banks brought forward belease £50m below forward balances £50m below target. These were partly offset

FT LONDON

INTERBANK	FIXING
(11,00 a.m.	May 91)
2 months U.	S. dollars
hid 77/8	offer 8
6 months U.	S. dollars
1	

The fixing rates are the arithmetic means, rounded to the nearest one-sisteenth, of the bid and offered rates for \$10m quoted by the market to five reference banks at 11 am each working day. The banks are Netional Wastminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationals de Paris and

carried a rate of 12% per cent.
To help alleviate the shortage
the Bank offered an early round
of assistance which totalled
£190m and comprised purchases
of £67m of eligible bank bills
in band 1 (up to 14 days) at
12% per cent, £47m in band 2
(15-33 days) at 12% per cent, £56m

ties

The Bank gave further help in the morning of £215m through purchases of £180m of eligible bank bills in band I at 12f per cent, £30m in band 3 at 12f per cent and £6m in band 4 at 12 per cent. per cent.
In the afternoon the authori-

Frankfurt | Paris | Zurich | Amst'dam | Tokyo ;

eligible bank oills in band 1 at 121 per cent and £189m in band 2 at 124 per cent. In band 3 it bought £113m of eligible bank bills at 124 per cent and £17m in band 4 at 12 per cent. It also provided late assistance of £90m,

MONEY RATES

rnight	5.60-5.75 10- 5.60-5.75 10- 5.65-5.80 10- 5.70-5.85 10- 6.0	01s 11s-17s -10-5 445-5/s -10-6 5-5-5/s -10-6 5-5-7s -10-6 -	71g-74 618-716 618-818 618-678	6.09875 6,34876 6,54875	1418.1416 8	2-70 1219-1234 1219-1234
ONDON MONEY	RATES	Disc	count Ho	uses De	eposit and	Bill Rates
May 21. Sterling Certificate Int	Loca Author deposi	ty Company .			Benk (Buy)	Bank (Seif) (Buy)

May 21 1945	Sterling Certificate of deposit		Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Tressury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Tri (B
Overnight 2 days notice 7 days notice 7 days notice One month Two months Six months Nine months One year	1245-1246 1255-1212 1219-1216 1212-1216 1212-1176	1812-1514 1850-1814 1850-1814 1850-1814 1850-1814 1814-1816 1814-1814 1814-1818	125 125 125 126-125 127 127 126 124 124 124	1254 1254 1234	12-125q 	i = 1	194 184 119	1234 124 12 12 114	194 194 182 116-110 119-1119	19212

		negotiable	Authority Deposits	House Deposits	of Deposits	Linked Deposits	Unked Deposits
•	One months Two months Three months Six months Nine months One year Two years Three years	13-12-12-75 13-12-12-12-12-12-12-12-12-12-12-12-12-12-	114 135g 115g	124g 121g 121g 121g	7.55-7.65 7.5-7.7 7.7-7.8 7.9-8.0 8.15-8.25 8.36-8.45	7/8-8/6 778-818 8 814	217 329 217 329 217 329 317 317 3 319
	Five years	- Parks Ex	115g	e IV: A	verage Ra	te of inte	rest period
	April 3 to Ma houses seven Rate (published 1985, London (days notice	snca House	avan qay a Associa	/8" TIXOU Won) : 13%	rinance mi	19585 B450 10m May 1.
	Bank Deposit Treasury Bills:	Agles for Si Average ten Series 5):	ima 60 56vi der rates ol Deposits £1	en days' discount 100.000 st	notice 6.6 11.9939 p 1d over b	5-7.25 per er cent. Ce ald under	cent (net). Mitcetee o One monti
	12% per cent;	pre-three m	onths 12%	per cent;	tpreo-six	months 125	a ber ceur

MONEY RATES . NEW YORK (Lunchtime)

Weaker trend

a further rise in the implicit price deflator, the market reacted to renewed fears about inflation. However the basic undertone remained bullish with hopes of another cut in the discount rate

based on the assumption that any

based on the assumption that any stimulus provided to the economy will take some time to fiker through. At the same time there is still concern over the possible effect of high interest rates on certain financial insti-

U.S. TREASURY BONDS (CBT) 8% \$100,000 32ms of 100%

Littest High Low Press
Sept 1.2820 1.2750 1.2530 1.2450
Dec 1.2835 1.2640 1.2350 1.2470
March
June 1.2476 1.2475 — 1.228
Sept 1.2476 1.2475 — 1.250
GNRAA (CBT) 8½ \$100,000 32nds of

STERLING INDEX

79.6 79.6 79.5 79.5 79.5 79.1

8.30 am 9.00 am 10.00 am 11.60 am

1,2695 1,2565 1,2475

Prev 72-21 71-30 71-12

70-14 70-02

80.0 79.6 79.9 79.9 79.9 79.7 79.8 79.8

CHICAGO

Most prices showed net losses on the day in the London International Financial Futures Exchange yesterday. Activity was governed for the most part by the amnouncement of a revised U.S. GNP figure which showed a rise of just 0.7 per cent. This was down from the previous revision which showed a rise of 1.3 per cent and was also below most market expectations.

Initial reaction to the figures pushed the dollar firmer and with LONDON

THREE-MONTH EURODOLLAR \$1m points of 160% May 21 Prev. close E Spot | \$1,2760-1,2776,61,2761-1,9740 1 month | 0.54-0.52 pm | 0.54-0.55 pm 5 months 1.44-1,41 pm | 1.46-1,43 pm 12 months | 3,80-3,70 pm | 3,80-3,65 pm

| Lutest High Low | Low June 87.53 87.59 87.51 87.57 87.57 87.51 87.57 87.51 87.57 87.51 87.57 87.51 87.57 8 Artie 92.22 92.24 92.16 92.25 92.25 92.26 92.68 91.70 91.64 91.70 91.64 91.70 Per 91.25 91 ### Close High Low Prev 105-19 105-01 105-01 105-01 105-30 U.S. TREASURY BILLS (IMM) \$1m points of 100% Close High Low Prev 1.2675 1.2776 1.2800 1.2820 1.2545 1.2645 1.2470 1.2710 1.2445 1.2523 1.2523 1.2510 olume 941 (423) ous day's open int 9.160 (8,333) STERLING (IMMA) Se per £

Latest High L
June 1.2620 1.2750 1.2

ESE YEN Y12.5m \$ par Y100

Close High Low Prov
0.3896 — 0.5013
0.4015 — 0.4032

100 UNDEX £25 per full index

Close High Low Prev 133.30 134.10 132.80 133.85 133.90 134.33 133.80 133.85 rolume 240 (225) pue day's open int 1,483 (1,502)

of 1400% Close High Low Prey 75-04 76.16 75-00 75-21 74-05 74-12 74-01 74-20 uma 4,074 (3,576) s day's open int 3,066 (3,020)

U.S. TREASURY BORDS 8% \$100,000 32nds of 100%

CURRENCY MOVEMENTS CURRENCY RATES

May. 21	Sterling	U.S. Dollar	Canadian Dollar	<i>Du</i> tah Gulidar	Swiss Franc	D-mark	French Franc	italian Lira	Belgia Conv.	n Franc Fin,	Yen	Danish Krone
Short-term————————————————————————————————————	125g-1234 125g-1234 125g-1254 124g-125g 124g-124g 124g-124g	714-712 714-713 714-778 716-8 818 814 856 84	84-8 83-914 878-919 914-929 93-959 956-818	714-744 714-749 618-714 618-678 614-678	4-42g 24-234 513-518 618-614 618-014 6-618	51g-51g 51g-51g 51g-51g 6-7;-6-8; 51g-51g 51g-51g	104-104 104-104 104-104 104-104 104-104 104-104	2112-2212 1212-1312 1214-1234 1214-13 15-1512 1362-14	3.4-3.7 3.3.1 3.1-3 3.1-3.9 3.1-3.9 3.1-3.1	316-374 318-316 318-318 318-318 318-318	5-814 518-515 518-516 513-516 513-518 513-518 513-818	8-81 ₂ 85 ₆ -91 ₈ 87 ₈ -95 ₈ 9-91 ₂ 91 ₄ -95 ₄ 95 ₄ 101

The Halifax-now serving a third



MOST SUCCESSFUL YEAR EVER FOR THE HALIFAX IN 1984.

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UP 37% TO £3,510 MILLION ASSETS NOW EXCEED

£20 BILLION-GROWTH OF 22.1%. "We achieved our aim of bringing mortgage rationing

to an end for members." Speaking to members at the Society's Annual General Meeting held on 20th May 1985, the Chairman drew attention to the following:

Growth and Lending

☐ Growth and size are not ends in themselves. They are simply a result of meeting our members' needs in the savings and lending markets.

☐ The number of new mortgages granted rose by 32% to 246,000 and we arranged a further 108,000 loans for improvements and repairs. Of the new loans 115,000, or nearly half, went to first-time buyers and over 30,000 were on new houses.

Interest Rates & Savings

☐ We can only meet the mortgage demand if we can offer competitive rates to our investors.

☐ The savings market is now very competitive indeed, and our investing members rightly demand as good a return as they can obtain elsewhere.

Our savers also understand that as well as their interests we also have to consider the position of borrowers, whose anxiety is heightened by frequent changes in their outgoings.

We will reduce our rates as soon as competition for investment funds allows us to do so.

☐ We see Cardcash as the main account of the future for meeting day-to-day needs. Administration

☐ We have made a large investment in computers and communication systems and our staff productivity has increased by 41% over the past 5 years.

☐ The Society now has 695 branches throughout the country-more than any other building society-and 2,400 agencies. And with over 300 Cardcash machines, no investor need be far from a Halifax outlet-

even late at night or at weekends. Prospects for 1985-86

☐ Our policy will be one of maintaining a steady and reliable source of mortgage funds at the lowest cost we can manage. Our lending this year may well be about the same as last year - something around £5,000m. Our new attractive savings schemes should bring in the money we

☐ Members' support in 1984 was a vote of confidence in the future of the Halifax

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Mil Wuotron

For further information, contact Arthur Lake in London on 01-353 6723.

OVER-THE-COUNTER

Continued from Page 36

Contracts and Tenders



REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE

REPUBLIQUE ALGERIENNE DOMOCRATIQUE ET POPULAIRE (Algerian Popular Democratic Republic)

MINISTERE DE L'ENERGIE ET DES INDUSTRIES CHIMIQUES & PETROCHIMIQUES (Ministry for Energy & Chemical & Petrochemical Industries)

ENTERPRISE NATIONALE DES TRAVAUX AUX PUITS (National Oil Exploration Company) NOTICE OF CALL FOR TENDERS

NUMBER 9138/AY/MEC The National Oil Exploration Company is launching an open National and International Cali

Lot No. 1: Tractor 6 x 6 equipped with winch, 450-500 h.p. Lot no. 2: Tractor 6 x 6 with 30 ton capacity, 300 h.p.

Tenderers interested in this Call for Tenders may obtain the specifications from the following address: Entereprise Nationale des Travaux aux Puits, 16 Route de Meftah, Oued Smar, El-Harrach, Algiers, Algeria, Direction des Approvisionnements [Supplies Division] for the sum of 400 Algerian Dinars with effect from the date on which this notice is published. Offers of which five (05) copies should be prepared, must be sent in a double-sealed envelope by registered mail to the Secretariat de la Direction Approvisionnements [Secretariat, Supplies Division] at the above address.

The outer envelope should not bear any mark that might identify the tenderer, or any

Selection will be made within 180 days of the closing date of this Call for Tenders. heading, and should read: "Appel a la concurrence National et International no. 9138/AY/MEC" [National and International Call for Tenders no. 9138/AY/MEC]. Tenders must be received 45 days at the latest from the first date of publication of this



REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE

REPUBLIQUE ALGERIENNE DOMOCRATIQUE ET POPULAIRE (Algerian Popular Democratic Republic)

MINISTERE DE L'ENERGIE ET DES INDUSTRIES CHIMIQUES & PETROCHIMIQUES (Ministry for Energy & Chemical & Petrochemical Industries) ENTERPRISE NATIONALE DES TRAVAUX AUX PUITS (National Oil Exploration Company)

> NOTICE OF CALL FOR TENDERS NUMBER 9140/AY/MEC

The National Oil Exploitation Company is launching a National and International Call for Tenders for the supply of the following equipment:

Lot no. 1: Ambulance LR. Type 109 Lot no. 2: Jeep for trouble-shooting/inspection purposes Type 109

Tenderers inteersted in this Call for Tenders may obtain the specifications for the sum of 400 Algerian Dinars from the following address: Enterprise Nationale des Travaux aux Puits. 16 Route de Mefrah, Oued Smar, El-Harrach, Algiers, Algeria, with effect from the date on

Offers of which five (05) copies should be prepared, must be sent in a double-sealed envelope by registered mail to the Secretariat de la Direction Approvisionnements [Secretariat, Supplies Division] at the above address.

The outer envelope should not bear any mark that might identify the tenderer, or any heading, and should read: "Appel a la concurrence National et International no. 9140/AY/MEC" [National and International open Call for Tenders No. 9140/AY/MEC]. Tenders must be received 45 days at the latest from the first date of publication of this

Selection will be made within 180 days of the closing date of this Call for Tenders.

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BEST LIFTS 2 high speed hits for 18 flats
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NOTICE IS HEREBY GIVEN that resulting from the Corporation's Declaration of a Dividend of \$1.25 (gross) per share of the Common Stock of the Corporation, payable on the 10th June, 1985, there will become due in respect of Bearer Depositary Receipts a gross distribution of \$25 cents per unit

6.25 cents per unit.
The Depositary will give further notice of the Sterling Equivalent of the net distribution per unit payable on and

Equivalent of the net distribution per unit payable on and after the 17th June, 1985.

All claims must be accompanied by a completed Claim Form and USA Tax Declaration obtainable from the Depositary. Claimants other than UK Banks and Members of The Stock Exchange must lodge their Bearer Depositary Receipts for marking. Postal claims cannot be accepted. The Corporation's Pirst Report for 1985 will be available upon application to the Depositary named below. Barclays Bank PLC

Securities Services Department 54 Lombard Street London EC3P 3AH

NATIONAL AUSTRALIA

NOTICE IS HEREBY GIVEN that the Registers of members and Transfer books of the Company with the closed on 7th June, 1985 for one dayment of the the Burpose of Dayment of the Burpose of Dayment with the Company of the Burpose of the State o By order of the Board of Directon P. I. COCHRANE B. Comm. F.C.I.S. Secretary

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AND SPOKEMAY LIMITED NOTICE IS HEREBY GIVEN Pursuant to Section 293 of the Companies Act 1948 that a MEETING of the Creditors of the above-named Company will be held at Great Eastern Hotel, London, E.C.2. on Thursday the 23rd May 1985 at 2 30 pm for the purposes mantioned in Sections 294 and 295 of the Seid

Deted this 9th May 1985. By Order of the Board, P. M. PATEL

The annual report and accounts for the year ended 31st December, 1984 of the above company and those of Taylor Woodrow pic have been published and are available from the onces of Hoare Government. Limited, 27. Throgmortum Street, London, EC2 2AN.

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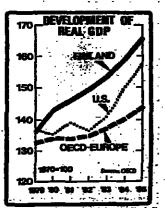
ECONOMY AND INDUSTRY

MR KALEVI SORSA, the Social Democratic Prime Minister of Finland, staged a small quis for a large gather-ing of foreign bankers and in-vestment analysts in Helsinki last year shortly before the U.S. presidential election.

"Can you please name a country where market forces operate so freely as to frighten some firms, where there is no international terrorism and never has been, where prayer in schools has been part of daily life for decades, and where supply side economics has been standard operating procedure long before this particular slogan was coined.

"The right reply is not the wonderland of the future outlined on the Republican Party platform in Dallas, but Finland

He might have added to be fair, but did not: Which West European parliamentary demo-cracy has had Communists regularly participating in Govern-ment coalitions during the post-war period, is dependent on the war person, is dependent on the Soviet Union for about a quarter of its exports, has built its foreign policy firmly around a treaty of friendship, co-operation and mutual assistance with Moscow, shares a 1,270-kilometre border with the Soviet Union and depends on the



This northern country of 4.9m people benefits considerably from its neutral status and its location between East and West, selling extensively in foreign markets.

By KEVIN DONE, NORDIC CORRESPONDENT

a crucial test."

Economic growth was sus-

tained last year chiefly by export demand from Western mar-

kets. Finnish exports to the West last year grew by as much

as 17 per cent, while exports to eastern markets declined by

around 12 per cent.

The balancing act of compensating a decline in certain ex-

port markets — last year the Soviet Union — with an in-

crease elsewhere — in 1984 the West and in particular the UK,

the U.S. and other Scandina-vian countries — has been one

of the more crucial factors be-

hind the success of the Finnish

compensate for the forecast slow-down in exports to western

markets, where growth could shrink to as little as 1-2 per

economy in recent years.

Soviet Union for the bulk of its Sorsa, head of the economics department at the Ministry of The answer would again be Finland. Finance.

This Nordic country has this respect, but it is still too often appeared to be rather uneanly to say if we have decisively comfortably perched between broken out of this vicious circle. East and West, but the ex- Next year's wage round will be perience of recent years hardly suggests that Finland's geopolitical position has hampered its economic development. On the contrary, it has benefited in economic terms from

its neutral status and its loca-tion between East and West. Finland has consistently outperformed most of Europe in recent years and has enjoyed one of the highest and most stable growth rates in the whole of the OECD. It is in the middle of a fourth year where Gross National Product is again ex-pected to grow by a little more than 3 ner years

than 3 per cent.

The Finnish economy in fact expanded a little more slowly Over the two years 1985-86 with the build-up of the USSR's because of a disappointing delay with the build-up of the USSR's in investment, caused by the right monetary policies pursued by the Bank of Finiand, the Finland's eastern trade is central bank, for much of the expected to show a growth of some 14 per cent this year than expected last year, chiefly

year.

The monetary authorities concerned, however, to prevent overheating of the economy, which has occurred previously at times of strong internations. previously at times of strong international expansion. "The major objective has been to markets, where break out of the devaluation/ shrink to as litteristion cycle," says Mr. Pertii cent in 1985-88.

cessful than most European countries in avoiding "Euro-sclerosis" — intractable unemployment problems, weak tech-nological development and in-sufficient adjustment to a chang ing environment. According to Dr. Hannu Halttunen of the European Free Trade Associa-tion, the major factors behind the country's progress, apart from the special arrangements in eastern trade, have been re-latively successful economic policies and an increasing social

Finland has been more suc

Since 1977 Finland has been able to create more than 150,000 jobs in a period that job creation has stagnated in most other countries. Unemployment at about 6 per cent is still far below the European average. The price Finland has had to

pay for its rapid growth has ox a weaker external balance and a higher inflation rate than in other European countries on average. The most recent indications suggest, however, that it has made significant progress in improving the trade-off between inflation and foreign deficits on the one hand and

economic expansion and lower unemployment on the other. The current account was brought into balance last year and has strengthened structurally according to Dr Halttunen, longer setting such constraints on economic policy as in the past. .

Inflation has also moderated in the face of careful fiscal policies and tight monetary straints. Prices were still rising et an annual rate of above 6 per cent in the first half of 1985, but the financial authorities are still hopeful of coming down to the OECD average during next

State finances have also been kept in order. Finland has never embarked on an un-bridled expansion of the public sector in the manner of its closest Nordic neighbours and sector in the mainler of its closest Nordic neighbours and Finland has been a relatively first embarking on the process as a result Finnish Government late industrial developer, but of internationalisation.



debt in relation to GDP is among the lowest in Europe. Wage duft remains a problem however, and pressures are growing, particularly in the public sector which appear to guarantee heated negotiations during the winter, and will provide a new test of the willing-ness of the major actors in the Firmish economy to continue

along the consensus path.
At the same time Finland looks with some concern at the economic upheavals in Sweden. Finnish industry is particularly sensitive to competitive developments in the Swedish economy, and the Famish authorities were forced into a development in the Swedish economy.

its growth, and internationalisation has accelerated sharply during the 1980s. A growing list of companies hitherto largely unknown outside Finland are beginning to make their presence felt abroad.

Finnish direct investment abroad quadrupled between 1981 and 1984, according to the foreign financing departs the Bank of Finland. And dur-ing the same period the total number of Finnish companies operating abroad increased by one third

Finnish foreign investments have been concentrated on Sweden the UK and North valuation in October 1982 as a America, and Finland's Nordic defensive response to Sweden's neighbour has proved particudramatic devaluation.

Koivisto mandate still intact

THE STANDING of President Hanno Koivisto three years after taking office with the strongest personal mandate ever received by a Finnish presidential emplidate is still remarkably intact.

Following into office the redoubtable President Urho Kekkonen, who bestrede the Finnish scene for a quarter of a contury from his elec-tion in 1856 to retirement through filmes in October 1981, President Koivisto faced an uncuviable task. The Finnish constitution is "semi-presidential" and the

President has considerable powers in both the forming of governments and the dissolving of Parliament. Just as importantly, under the written constitution the President is foreign policy.

In foreign affairs President Kolviste has uncertually taken up the line inherited from his predecessors—Presidents Pasikivi and Kekkonen — ensuring con-tinuity and quickly establish-ing stable relations with the Soviet Union, despite the rapid change of leaders in

hopomestically, however, he has chosen another path and one very different from the often autocratic President Kekkonen.

"It is evident that he wants to make Finland a clear-cut parliamentary democracy."
Mr Kalcri Sorsa, the Finnish
Prime Minister, told the Financial Times. "Our constitution is not very clear on that point and leaves it up to the president to decide on how far he wants to go in exercis-ing his powers.

"President Kekkonen went to extremes in using all offi-cial and unofficial forms of influence. President Kolvisto acts quite systematically in the contrary fashion, he re-frains row using power he wishes to belong to govern-

The first three years of President Kolvisto's six-year term of office have in fact been remarkably uneventful e domestic political and economically the



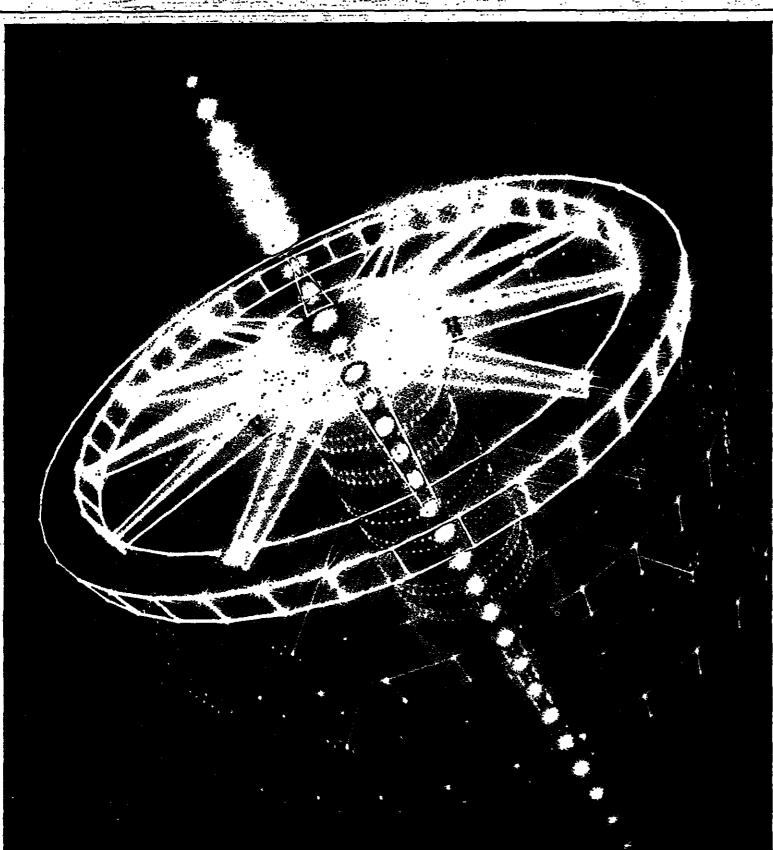
country has been enjoying a period of surprisingly steady growth and presperity. The President has enjoyed calm in all respects but one — his relations with the media. His three-year presidency has been punctuated by a series of undignified rows

with the press and the state television, which have at times verged on the absurd. Where President Kekkonen kept the press almost in awe of his office, President Koivisto has chosen to give up much of the aura of authority. The press has undoubtedly felt itself freer to criticise,

The President a rather modest and introspective economist, is renowned for making cryptic and engination statements which subse-quently lead only to con-fusion.

"The President feels misrepresented by the press," says one close observer. "He has a tendency to talk in a very intricate way, so mis-understandings are not

After his recent visit to the UK he was so enraged by one newspaper article that he stormed out of his cabin on the plane on the flight back to Heisiaki to remonstrate with the reporter. The picture of the event has already become the press photo of the year in Finland.



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Changing faces of the coalitions

THE GOAL is still to remain practice the Finnish constitu-in office for the entire term tion works against "bloc" between elections, says Mr Sorsa, twice Finnish Prime Minister in the 1970s and again head of government

Against the background of earlier Finnish history and the frequent changes of government the present four-party Sorsa administration is indeed showing a suprising stability. The unexpected inclusion after the last election in March 1983 of the small and troublesome Rural Party led by the father and son team of Veikko and Pekka Vannamo, had been expected to give the govern-ment an uncertain future, but the disagreements seem largely to have been contained within the ranks of the Rural Party itself.

In fact although the faces in Finnish governments changed more rapidly, the country has actually been ruled by coalitions formed around the partner-ship of the Social Democratic and Centre parties for most of the period since 1937.

When it has suited, parties from right and left of the poltical spectrum have been included in the coalition. Before the 1983 election the Conservatives (National Coalition Party) boosted by a strong showing in the opinion polls, were preparing to return to government after a break of 18 years, but failure on election day continued their exclusion.

More often than not the Com-munists have been included in overnment since 1966. By late 1982, however, the interminable splits within the Communists' own ranks and their unreli-ability as a government partner had caused Prime Minister Sorsa to lose patience and they were forced out shortly before the election.

The position has not changed since. "At present internal conflicts make participation by the Communists in government impossible," said Mr Sorsa. Otherwise the opposition was dispersed, he said. "No serious alternatives to the present coalition are evident. The right is pursuing a more strident policy of opposition, but does not have the strength to topple the government."

In fact the Finish Parliament has a clear non-Socialist majority, but nonetheless it is the Social Democrats, which currently supply both Prime

be passed without a two-thirds majority in the Parkiament, a factor which works in Finland to encourage consensus and agreement across bloc lines. The situation is different to neighbouring Sweden, where block politics is very much the order of the day.

Mr Sorsa says Finish politics have been marked in recent years by a conscious attempt by the major parties to maintain a low profile. "It other words serious disagreement has avoided, particularly the parties in govern-

> **Politics** KEYIN DONE

He admits, however, that the result has led—in his own words—"to charges of party uniformity, of politics without zest." Recently the parties, both in government and opposition have sought to raise the profiles. Trouble for the coalition has been forecast, but the Prime Minister at least is confident the disputes will not force any change in government.

The government is currently made up of the Social Democrats, the Centre Party, the Rural Party and the Swedish People's Party. The seats in Parliament are: Social Democrats 57, National Coalition crais 57, National Coalition (Conservatives) 44, Centre Party 38, People's Democatic League (Communists and Left Socialists) 27, Rural Party 17, Swedish People's Party 11, Christian League 3, Greens 2, and the Constitutional Party 1.

Certainly the last test of electoral opinion—the local elections held in October—was elections held in October—no mandate for a change. Apart what could be use more from the relative success of the native," he asked recently, "for a policy aimed at strengthening the election — held a policy aimed at strengthening international comgations concerning corruption in local government — was chiefly notable for its low turn-

chiefy notatie for its low hirri-out of voters. (Low by Finnish standards at 73.5 per cent). The low poll prompted re-newed debate about whether the Finnish population was becoming alienated from poli-tics and politicians:

debate about consensus in Finpolitics by demanding a quali-fied majority for most legis-foreign policy in Finland is lative changes. Few laws can today so widely-based that barely a critical voice is raised and the consensus also blurs the lines in domestic politics.

The need for a two-thirds majority in Parliament often tends to dam sought-after reforms, which are then only resolved in the forum of the centralised wage bargaining process. Decisions are reached on issues going far beyond the immediate pay negotiations by the main actors in Finnish society, the Government, trades unions, industry and the agricultural organisations — and Parliament tends to be bypassed in the process.

In the last wage round finalised in March last year, issues such as a reform of the unemployment benefit system and shorter working hours were dealt with. The resulting deal included a two-year agreement on wages, one major factor behind the calm of the past 12-months, but it has given rise to more charges of "economic policy being made behind closed doors."

Mr Sorsa is seeking a central agreement between the unions and employers in the next wage round and the fight for such a deal is certain to enliven the political debate from autumn onwards.

Meanwhile, some of the other architects of Finnish consensus have been jumping to its defence. Mr Max Jakobson, until the end of last year managing director of the Council of Economic Organisatations in Finland and formerly Finland's permanent representative at the Uited Nations, is scathing about the recent discussion that "has managed to produce the magic feat of making broad under-standing seem like a national misfortune and strife and dis sension the road to salvation."

petitiveness, curbing inflation and in this way improving employment and maintaining a high standard of living?"

An alternative is of course available: it is the alternative of a debt spiral, growing budget

same level as the previous year.
This is attributed to a more
cautious purchasing policy as
rising interest rates in Finland

speaking with two voices

"FINAL SPLIT in the offing. That prediction, describing the situation in the Florish Com munist Party, could well make it to the Guinness Book of Records in the category most frequently published n

paper headlines."
The FCP has spoken with the voices for almost two decades. but with the recently elected leadership the party will be ably split at last, according many observers, even by

If and when this hap pro-Soviet faction will have seats in the parliament. majority has 11. Since its birth in 1918 the

FCP has had a very colouring history. Due to the thien staunchly anti-Communist gent-ment in Finland the FCP had to stay in exile in Moscow ever since its foundation until 1945 since its foundation until 1945. That is when the Soviet Union, after winning the war against Finland, insisted that also Communists be allowed to take part in the country's political life. In their first elections after the war the FCP gained 49 seats out of 200, their second biggest parliamentary strom every. parliamentary group ever, in the post-war days the FCP was alone in trying to build bridges and forget animosities between Finland and the Soviet Union

Communist Party OLLI YIRTANEN

Stoc

den tine Jen mana, de departir deservation

During the next decades the party's vanguard role in relations between the two countries gradually diminished as other Firmish politicians began to cement the relations, too. To day practically all Firmish political parties have a "working relationship" with Moscow.

The FCP's umbrella organis tion, the People's Democratic League, now holds a total of 27 seets in the parliament, with to the FCP-

Anart from the fact that the party has lost its pioneering role in relations with Moscow, the FCP has also lost clour in-domestic affairs. With rising living standards and wide rang-ing social security programmes. In particular, the Community do not have a fertile breeding ground for discontent any more. Subsequently they have but

So bickering among conty-comrades began instead. The two factions emerged into daylight after the occupat Czechoslovakie in 1968. The FCP leadership dared to ques-tion the wisdom of sending forces in while the Stallinist minority in the party unequivo-

Since then the trenches have been manned and both sides have fired volleys at each other, though many of the minority's shot have been amplified by the cannon of the Krembin.

The latest crisis and the finel

march towards the formation of two separate parties, began in 1982 when the long-serving party chairman Aarne Santhen retired, and made a controversial farewell speech in which he strongly advocated an indepen-dent policy for the FCP. After the short tenure of a compromise successor to

compromise successor to Saarinen, the majority domi-nated the party conference in 1983 and elected Arvo Aalto, the Finnish Communist most criticised by the Kremlin, as the

rising interest rates in Finland forced companies to streamline their stockpiles. Investment activity, however, has remained on satisfactory levels.

Another increasingly popular form of investment activity is to buy companies abroad, also year Finnish companies invested some FM 20n (\$300m) in foreign acquisitions. Sweden is traditionally "the second home market" for Finnish companies but the U.S. and Britain have also been frequent targets. new chairman Right after the conference the Right arter the conference me new leadership began to form parallel regional organisations in areas where minorities called the shots. So the small majority now controls the party at its

but the U.S. and Britain have also been frequent targets.

With companies becoming more active in foreign markets Finnish banks have followed in tow. Last year all the major banks set up or expanded their bases abroad. However, the country's insurance companies, which expanded their foreign operations rapidly in the early 1980s, have suffered substantial losses in foreign markets and many of them have quietly scaled down their presence abroad. The main reason for why the The main reason for why the minority has not jumped of the handwagen is Moscow. The Soviet Communist Party his, along the years made it Sear that it wants to see a united Communist Party in Finland. As the situation has become almost unharable for high almost unbearable for both factions the final division is now only a question of time.

trial struggles, they tar ue has taken on wider up by 27 per cent

Trade OLLI YIRTANEN

FINLAND'S trading partners are usually divided into geographical entitles, In recent times the emphasis has clearly been on the Western countries while in the East meaning the Soviet Union, the trade has stagnated.

Last year, Finland's exports to the West rose by a remark-able 27 per cent while in the East exports suffered a 13 per cent drop. At the same time Finland produced the piggest balance of payments surglus

Total exports, which rose by 16 per cent to Fmk 80,9hn (\$12.4bn), exceeded imports by Fmk 6.2bn (\$854m). Exports per capita reached \$2,550.

The Soviet Union still firmly remains as the country's number one trading partner with 21 per cent of the total volume. Next in the statistics come Sweden, West Germany, Britain and the Untied States, each of them having 10 per cent or just under of the total.

Trade with the Soviet Union has provided Finland an ideal insurance against recessions in world trade. Conducted on a bilateral basis with no money changing hands, it has grown steadily until the very recent

Some 75 per cent of Finland's imports from the Soviet Union consists of oil products and crude oil with another 10 per cent in other forms of energy. So, as imports are paid for the same value of exports, rising oil prices are used to create an automatic formula for increasing exports of manufactured goods to the next-door neighbour.

arrangement worked The well for the Finns during the 1970s and early 1980s when oil prices shot up fast. Now, with the prices tumbling, and con-sumption in Finland declining, both parties are keen to find more imports from the Soviet Union. This has proved rather difficult and consequently the volume of trade has declined.

Now both countries are searching for new ways to correct the situation. Finnish officials, led by Prime Minister Kalevi Sorsa, bave indicated that they would like to under- crude oil comes from the Soviet

شدا ۱۱ ـ ابمد

ake certain projects and deals

In hard currency basis,

So far, the Soviets have given materials and capital goods
only a guarded response to the make up almost two thirds of on hard currency basis, only a gnarded response to the idea. Other ways to expand trade between the two countries imports. Perhaps the most surprising feature in imports is that their volume declined last year. would be increa<u>se</u>d industrial co-operation and compensation Energy imports, for example, were down 2 per cent from 1983. The volume in capital goods imports remained on the

If hard currencies will not bring relief industrial co-operaoring rener industrial co-opera-tiom probably will. Shappund-ing offers plenty of examples where the Soviets supply raw materials and equipment for vessels built in Finland. The ame principle works the other way round, too.

The Finnish shipbuilding The Finnish shipbuilding company Rauma-Repola is currently building legs for two massive oil-drilling rigs which are under construction in the Soviet Union. And in the chemical industry, Kemira recently signed a contract to import Fmk 4bn-worth of base material for fertilisers and ernort fertilisers and ernort fertilisers are to the export fertilisers back to the Soviet Union for the same value over the next 15 years.

Joint ventures Trade officials in both countries have urged more joint ventures in the third

committee, too.

In the Western markets
Finland's traditional exports, forest industry and metal and engineering products as well as those of the chemical industry, have managed to hold their own

Forest industry exports were up 17 per cent in 1984, taking 38 per cent of total exports. The biggest market for the industry is still the UK, which takes a third of its total paper imports from. Finland.

High value of the dollar has helped the Finnish producers considerably. Even though most of the exports are not billed in dollars, the high value of the currency has kept North American producers off the European markets.

Metal and engineering industry takes 35 per cent of total exports with the most important items being ships and paper industry machinery. Over the years metal and engineering industry has gained more share of Finland's exports and it is likely to exceed forest industry exports in the near

future. Apart from hydropower and peat, Finland possesses no indigenous forms of energy; thus all of the country's oil as well as gas and coal is imported. Some 92 per cent of Finland's

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Cautious transition to deregulation

th $t_{W_{0,2}}$ Financial markets KEVIN DONE

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FINNISH financial markets are in a period of transition. Gradually the country is moving away administratively controlled, low interest rates, credit rationing and an undeveloped

which is a recent convert to

A growing market for deneguisted finance has negulated finance has developed. With slower inflarates have become positive— Kari Mannola, managing direc-as was usual in the 1950s and tor of Citibank's Finnish sub-1960s—and new services and sidiary, "Interest regulations diversified investment outlets are still valid on the lending

Parts of the comfortable by tax-exempt standard deposit cartel among the banks remain, accounts.

"We are out of that market, but competition has become but competition has become tougher. Wish the entry of foreign banks Finnish ones can no longer count on business market where rates are close

free bank deposit system for bouseholds, where interest rates are fixed with the guidance of the Bank of Finland.

This means that average lending rates are also regulated according to a particular formula. This has been modification of the statement of the fied to allow banks to reflect part of the higher costs of unregulated funding, but rules capital market.

The transition is cautious and watched over by the Bank out players such as the foreign banks from many operations banks from many operations. when they do not have access to the cheap funding base.

Valid

"The domestic market is still son, officially regulated interest extremely difficult," says Mr side and funding is conditioned

Our Finnmark funding must come from the expensive free from major corporate clients. to central bank overnight rates

Even with such changes, however, the market is still small.

In spite of such changes, one
feature that remains is the taxfeature that remains is the taxfree heart density system for market for marginal funding."

"We can only use the free
market for marginal funding."

"The heart density system for market for marginal funding."

"The heart density system for market for marginal funding."

to charge for lending.

"We can only use the free market for marginal funding."

Unregulated finance began to grow in the late 1970s with the build-up of corporate sector liquidity. Companies began to seek financial assets which would yield a high return and be sufficiently liquid to be withdrawn for long-term real investments.

A "grey market" emerge although today the Finns pre-fer to talk of short-term market money or unregulated finance. Mr Rolf Kullberg, Governor of the Bank of Finland, says " a sceptical and often negative view " was taken initially of the changes in the financial markets. It was finally accepted,

"It is better to guide the transition in a controlled fashion rather than to try to maintain structures which will be forced to give way under the influence of a changing environment," he told the Finnish Economic Association. In spite of its history of financial regulation, Finland is

however, that the changes were inevitable.

able phenomenon of the transi-tion," Mr Kuliberg says. Tension between the two parts of the market are unavoidable. accepting that evolution of markets tends to improve the financial system and the efficiency of the economy.

The stronger role of unregulated interest rates has helped change the way the central bank implements monetary policy with interest rates rather than the amiliability of credit As the importance of the rate of interest increases Mr Kullberg expects rationalisation of banking, including streamlining of branch networks. The central

Relaxed

In 1983, upper limits on average tending rates were relaxed, which allowed the banks to pass on part of the cost of unregu-lated rate funding. The Bank of

than the availability of credit.

Finland was sexious to channel more of the unregulated finance through the banking system.

"Five years ago the regulated market was 98 per cent of domestic funding," says Union Bank of Finland international division represent Mr. national division manager, Mr Niflo Pellonmae. "Today it is about 70 per cent of commercial banking and is reducing.

"On the other 30 per cent we have tough competition. On the regulated side you can only compete with advertising, coffee and cakes and handshakes." Finland therefore runs a dual-

in this direction yet.
Finnish companies have

over the last two years, but not

surprisingly activity has quietened with the big drop in

equity prices. The Amer group and Wartsila have become listed

on the London stock exchange

as the first Finnish companies, Wartsilä, Kone and Nokia are

listed in Stockholm as is Instrumentarian on the New York OTC list. The perform-

ance of the shares since their

deared them to investors,

shares have shown a fall of 59 per cent, Rauma-Repola 55 per

cent, Wärtsilä 36 per cent, Pohjola 21 per cent, Kone 41 per cent and Amer 16 per cent.

There are still some big dis-

paraties between the prices of

free and restricted shares, and according to Grieveson Grant.

tween fareign and domestic investors still depends on the progress of the reforms which

it was promised would make the

stock market more active. This

Grieveson Grant still main-

tains that Helsinki is a market

for 1986 or 1987 rather than 1985. "A market so illiquid

as Helsinki has to make offers

yau cannot refuse."

progress has not been made."

the London stockbroker,

however ..

"With the tremendous increase in short-term money market funds, each company is shooping around."

bank appears far from ready, however, for a complete dis-

manting of interest rate con-

rols because of fears of insta-

The bank is also not ready to abandon regulation of capital

its monetary policy autonomy

Increased sensitivity of capital flows has been caused by the internationalisation of

business and its prowing

interest rates and price aware-ness. This, and price competi-tion in the deregulated market has also had other effects

beloing to loosen the tight bonds between the big banks

because we are getting a more market-oriented banking

system," says Mr Jackko Lassila, chief executive of Kansallis-

Osake-Pankki, Finland's biggest

The relationship is changing

flows because of concern

may be undermined

and corporate custon

bility.

Mr Lassila says that in foreign exchange, guarantees funds, the "house bank" rule no longer applies. "On the lending side for long-term investment financing and worktures and other bonds has jumped to FMk 2.8bn in the ing capital lending, the old rules still apply. But already a sum equal to the total raised in short-term trade finance the competition is felt." tions that this market could be closed to foreigners—in the

He is still able to divide the heights of the Finnish corporate sector into two groups however, one dominated by KOP and the other by Union Bank of Finland. Influence is shared in a third group.

In the KOP camp are big corporations such as Neste, Kone, Finnair, United Paper Mills, Enso Gutzeit, Rauma Repola, Kemira, Amer, Outu-kumpu and Huhtamäki. The Union Bank sphere includes Ahlström, Wärtsilä, Schauman, Kymene Strömberg, Effoe, Kau-kas, Sertachius, Finlayson and

several listed companies. KOP issue abroad has hardly enfor instance, has between 3 and 8 per cent of Pohjola, Kapaani, Nokia, Rauma-Repola, United From their 1984 peaks Nokia Paper Mills and Sponsor.

The banks also hold stakes in

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Growing pains after the boom

Stock market KEYIN DONE

FOREIGN investors tempted to buy Finnish equities during the euphoric boom on Helsinki stock exchange in 1983 and early 1984 have had an uncomfortable baptism. The market has been falling for around 12 months and claims from some

dealers that the bottom has been reached remain unconvincing. Helsinki was caught unprepared by the rush of interest from foreign investors. which spilled over from the boom in the neighbouring Swedish stock market. They underestimated the local

The market is international-ising. Activity has grown enormously and changes are being studied, which could make more shares available for purchase by foreign investors and which could stimulate more interest from domestic investors. But the pace of change is slow and Helsinki has domestic undoubtedly suffered growing

"There was too much in a short time," says Mr Tapio Niemi, manager of the securities department at Kansallis-Osake-Pankki, Finland's biggest bank. "It was difficult to ex-plain that what happened in Stockholm was not going to happen here. The market is much smaller. The prices of free shares (shares available for purchase by foreign inves-

Banking

KEVIN DONE

THE LEADING Floreign banks

are spreading their operations rapidly beyond the country's borders both to catch up with

foreign rivals and keep pace with the expansion of Finnish

The first cautious steps were made earlier in the company of other Scandinavian institutions

through consortium banks in

both London and New York. Experience gained in this way

coupled with an easing of Finnish regulations have combined, however, to allow the big Finnish banks, Union Bank and Kansaliks - Osake - Pankki (KOP), to strike out on their

In a flurry of necent deals

both the main Scandinavian consortium banks in New Yors

have been reorganised. Union Bank of Finland, previously a 25

the American Scandinavian Banking Corporation, is buying out its pariners Den Danske Bank, Sweden's PKhanken and Norman's Tanakan

Norway's Christiania Bank in 8 deal worth an estimated \$30-

At the same time, the Nordic American Banking Corporation, where Kansallis-Osake-Pankki

has been a 25 per cent share-holder, appear to be moving

decisively under the ownership

of Norway's acquisitive Den

Norwegian

although the fourth partner,

cent joint shareholder in

industry abroad.

tors) went up too fast. We did not have the free shares available. The market is very thin."

Despite the problems the market is barely recognisable compared with the operations of even the early 1980s. Turn-over on the Helsinki stock ex-change doubled last year to FMk 7.5bn from 1983 and since 1980 turnover has risen tenfold from some FMk 698m.

The market was submerged in new issues last year, which helps to explain the substantial drop in prices. A record 22 new issues were launched raising FMk 2.88bn of risk capital. Prices have plunged, how-eyer. At the beginning of 1984 the exchange began to quote non-restricted shares in a separate series, so that foreign investors could better follow the price trends of shares open underestimated the local the price trends of shares open problems arising from a market, to non-residents. The index has which is much smaller than not made happy reading. Stockholm and which is By the end of April the KOP influenced by Finland's own shares index had fallen beginning of pressures.

The market is international per cent from the beginning of the year, it was down by 28.7 the market is international per cent from the beginning of the year, it was down by 28.7 the market is international per cent from the beginning of the year, it was down by 28.7 the market is international per cent from the beginning of the year, it was down by 28.7 the end of April the KOP the end of April the End of April

investors have been showing much more interest in Finnish bonds than equities in recent jumped to FMk 2.8bn in the months. One of the special fea-first four months of 1985 alone, tures of the Finnish financial markets is the existence of tax- in 1984 and 1983 together. free deposits and tax free bonds There have been some suggesissued by both the state and the mortgage institutions.

With ten-year tax bonds 9-10 same way that occurred in per cent, it is hardly surprising Norway last year—but the Bank that one Firmish analyst con- of Finland has made no moves cludes: "Finish investors do not want to take the risks of the stock market when they can get actively sought their way into a 5 per cent real yield else international capital markets

Capital gains are also taxable for domestic investors in equities at the marginal income tax rate unless the securities have been held for five years, which also makes the Finnish market more flexible. The turnover of shares issued is still only about 5 per cent a year compared with the 30 40 per cent of some major international stock exchange Foreign investors have been

attracted to the 12.5-13 per cent yields available on Finnish tax-able bonds and debentures (tax-free to non-residents) with the Bank of Finland intent on runeached in June 1984. ning a tight monetary policy Both domestic and foreign for domestic purposes.

	FIM m
Kansallis-Osake-Pankki (bank)	2.817
Union Bank of Finland (bank)	2,523
Nokia Corporation (industry)	2.034
Oy Wartsila (industry) Rauma-Repola Corporation (industry)	1,601
Ranma-Repola Corporation (industry)	1.475
Pohjola Insurance Company	1,431
Kone Corporation (industry)	1.419
Huhtamiki (industry)	. 948
United Paper Mills (industry)	. 896
Kymmene-Strömberg Corporation (industry)	888
Finnish Sugar (industry)	8 64
Amer Group (industry)	790
* At March 19. 1985	

The biggest listed companies*

In pursuit of foreign rivals

stake in Manufacturers Hanover Banque Nordique in Paris. According to Mr Jaakko Las-sila, KOP chief executive, the most important steps abroad have now been taken—the bank has invested close to FM 1bn in its foreign network with the most expensive purchase being Nordfinanz-Bank Zurich, Other officials in the bank sug-gest that KOP must eventually

representative offices extend this network."

Changes in central bank regulations have been instrumental in allowing the recent rapid foreign expansion of the Fin-

able to grant credits to foreign borrowers and were also limited

in lending in foreign currency to Finnish borrowers.

In addition, however, it purchased a substantial share of its Nordic Bank partners holdstudy the question of establishing some sort of operation in Frankfurt—"there are signs of the Euromarket moving from the Euromarket moving from the Euromarket moving from and both Hong Kong and Ausings in the Swiss consortium bank Nordfinanz-Bank Zürich, increasing its shareholding from 20 per cent to just over 58 per tralia are also beckoning.
Mr Lassila says that KOP is KOP has an option to buy out content "for the time being" with its new network of the remaining holdings of the other Nordic banks up to the branches and susbidiaries, "Perhaps we will now enlarge our

end of 1986. DnC has already sold its remaining holding this year, increasing the KOP stake to 63.16 per cent. According to Mr Martti Korhonen, joint general manager in the bank's general manager in the bank's international division, it is only a question of time before Copen-hagen Handelsbank and Sven-ska Handelsbanken also sell their remaining shares.

Sweden's Svenska Handels-banken, is for the moment hold-

Reorganisation of the owner-

ship of the London-based Nordic Bank has also had a big influ-ence on the recent foreign ex-

pansion of KOP. Having sold its share to DnC, the Finnish

bank established its own branch

in London in April 1984 — the first foreign branch to be

opened by a Finnish bank.

to its 25 per cent

ing on to its minority stake.

Private Swiss interests are expected to maintain a holding of about 18 per cent in Nord-

Subsidiaries

Last year, KOP also set up a wholly-owned merchant bank in Singapore — it had previously been represented in the Far East through Nordic Bank—add-ing to subsidiaries already estab-lished in Lusembourg and the Bahamas.

norske Credithank (DnC)—DnC has already bought out its part-ners in Nordic Bank in London. ners in Nordic Bank in London.

In New York KOP is now pursuing plans to open its own branch, which it hopes to have in operation by the end of the year. Both KOP and Copenhagen Handelsbank have tracked errorment in mingiple. With neighbouring Sweden preparing to open its frontiers to foreign banks early next year, KOP has also established a representative office in Stock-holm as the first step towards reached agreement in principle opening a wholly-owned subsi-diary when legislation permits.

KOP's chief remaining owner
The parent bank the state-owned the state-owned has maintained a state owner to internationalisation the parent bank the state-owned the state-owned has maintained a state owner to internationalisation. to sell their shares in NABC to partner,

ship link with its earlier Nordic in Luxembourg, which are no Bank pariners is in France, where the four Nordic banks for foreign currency lending to each own a 10 per cent minority the banks Finnish customers. Union Bank says that in the

future "the focal point of international expansion will be on branches." Following the take over of the New York-based rican Scandinavian Banking Corporation Union Bank is actively considering changing the status of the subsidiary to that of a branch or of setting up a branch alongside ASBC.

Co-operation

Union Bank of Finland is not giving up the close formal co-operation with its Scandinavian colleagues, however. It has re-mained a partner in the Londonbased consortium Scandinavian Bank, where Sweden's Skandinaviska Enskilda Banken (S-E Banken) is the dominant shareholder; and in the Nordic region it has broken new ground by orming Scandinavian Banking Partners with S-E Banken in Sweden and Norway's Bergen Bank.

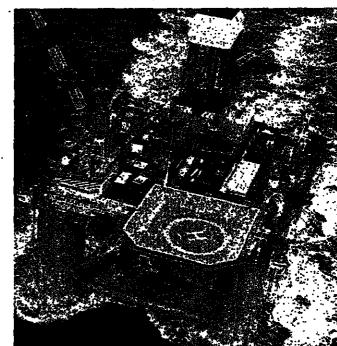
The three banks—which are taking small shareholdings in each other—have agreed not to set up subsidiaries in each other's countries. Instead they are trying to link the services and networks of the three banks to create a pan-Nordic banking

reging expansion of the fil-nish banks. It was only last year that the Bank of Finland agreed to the Finnish banks opening branches shroad—an earlier application by Union Bank to open a branch in Singapore was turned down. In addition, before 1982 Finnish banks had not been able to present credits to foreign UBF claims that the venture will "open up new possibilities in the form of payment traffic, vices and even retail bank cards" once the computer sys-tems of the three banks have been integrated.

To get around these regula-tions the senting up of the con-sortium banks and foreign sub-sidiaries were emportant early noves for the Finnish banks. The removal of these restric-tions progressively since 1982 For the smaller Fignish banks, such as Bank of Helsinki, Bank of Aland, Skopbank (the thus progressively sales 1302
they were totally removed in 1984—has made it possible to set up branches abroad backed by the full capital resources of savings bank) and Okobank (the co-operative bank) consortium banks still offer the best route to internationalisation, although the state-owned Postipankki, the parent bank the state-owned Postipankki, In addition, it is changing the has maintained a subsidiary in

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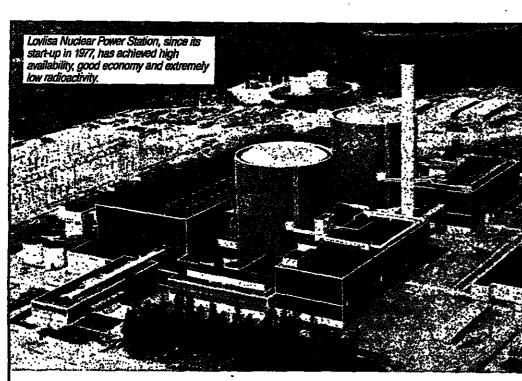
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Head start in expertise

The Arctic OLLI VIRTANEN

AS FINLAND is the only country in the world which has all her ports leebound every winter, it is not surprising that the country is also in the fore-front in Arctic research.

Apart from icebreakers, of which it has built more than the rest of the world combined. Finnish have also specialized in

the world combined. Finnish yards have also specialised in ice-strengthened vessels. And the latest specialty, Arctic off-shore may be the biggest potential field so far.

All Finnish shipyards and many of the shipping companies, too, have now cast their eyes in the Arctic Sea off the Soviet coast as well as on the Northern most parts of Canada.

In theory, at least, Finnish

In theory, at least, Finnish In theory, at least, Finnish companies seem to be ideally placed in the competition. Ice-breaking is said to have a long tradition and the first purpose-built icebreakers were built in the mid-1940s by Wârtsilä, the undisputed leader in the field. Since then research and development in Arctic conditions has dourished taking more varied forms.

So. Finns understandably had So, Finns understandably had a running start when the first commercially viable oil field at Prudhoe Bay, off Alaska was found in 1968. Wartsilä, which had the only icebreaking laboratory in the Western world at that time, was commissioned to make studies for the Manhattan Project, a plan to transport oil from the north of Alaska by ship to markets in the U.S.

The first lucky strike in the

The first lucky strike in the Siberian oil fields was achieved in 1960 but production did not start until the late 1960s.
During the last decade and in
the early 1980s the Soviets
made deliberate efforts to
utilise the valuable oil, gas and
mineral reserves in the Arctic

The two geographical areas are very appetising to Finnish companies. Most of the vessels sold to the Soviet Union are ice-strengthend to start with. And icebreakers themselves have come a long way from the days when all you needed was a powerful engine and a strong hull. For example, the series of five 19,500 tdw dry cargo ships now under construction at Valmet yards can alone break Valmet yards can alone break ice about 1 metre thick and all



Icehreaker at work. Finland's expertise in Arctic conditions is based on considerable research.

temperatures as low as -50C. Wärtsilä, who have made a total of 53 icebreakers, have also built a river icebreaker which has a draft of only 2.5

metres.
The Finnish companies and also two universities and the state-run Technical Research Centre all have extensive Arctic

research units.

The biggest of the facilities is the Wartsila Arctic Research Centre, which includes a 77-metres long test basin for ice-

Wärtsilä has also set up an engineering subsidiary in Canada with the aim to sell knowhow. At the same time the shipbuilder hopes to win a share of the actual building work

for their own yards in Finland.
The company's designs include complete exploration, production and transport plans for reserves in the Arctic areas.

Another important decision probably declining it is the only Although they have studied the viability of practically all posment with the London-based potential for Finnish expertise.

sible ways of transport in Arctic conditions, they still tend to stick to the concept of breaking ice as the cheapest. Since the Manhattan Project

the company has not made big news in Alaska or in Canada, Nethertheless, Wartsilä believes that with rising commodity prices activity in these regions

will grow.

Valmet, another large shipbuilder, has a different
approach. They have recently
joined forces with other Western operators who have expertise in offshore work. First they set up a subsidiary in Houston. Valmet owns 40 per cent of the engineering and consulting company intec, whose other shareholders include managers of the company. Intec specialises in underwater pipe-lines and all the technology con-

nected with it.

Foster Wheeler Petroleum Development, a part of the giant American engineering group earlier this year.

These two developments offer Valmet a possibility to expand their knowhow and, perhaps more importantly, win contracts for the yards in Finland. With Foster Wheeler's knowhow and Valmet's long-established rela-tions with the Soviet Union (having so'll more than 600 vessels to them) the two com-panies together would have a strong position in the Soviet markets.

Rauma-Repola, known mainly for its oil drilling rig production, has made a similar co-operation deal with Brown and Root (UK), the engineering company which has been involved in construction of practically all the North Sea oil and gas fields.

oil and gas fields.

The largest Finnish shipping operators, the national oil company Neste and the cargo shipping line Effoa, have also been actively interested in offshore activities. Effoa would be willing to undertake operating responsibility of platforms and also operate supply vessels in the North Sea together with Finnish and Norwegian companies.

Neste is already involved in

Neste is already involved in oil exploration in Texas, the Middle East and the North Sea. With its large fleet of tankers and rapidly increasing oil trading, Neste's interest in the Arctic areas is obvious.

While dozens of Finnish companies from clothing manufacturers to designers of complete deployment plans are actively siming to become involved in the Arctic areas, problems will lie ahead. Some independent researchers have already warned that with limited resources Finnish companies should concentrate on fewer sectors and join forces with each other. At the moment companies are suffer-

ing from a mild Arctic fever. ing from a mild Arctic fever.

Firmish companies are also handicapped by the bilateral trade agreement with the Soviet Union which stipulates that exports must be paid for the same value of imports. In the U.S. and Norway protectionist measures tend to keep foreign companies well at bay.

Despite all this the shirt-

Despite all this the ship-builders and many other companies in Finland are committed to the Arctic Because with volume in shapbuilding

were too weak and inexperi-enced to sell in Western mar-

kets, they are coming to per-

form a lesser role as the com-panies become more specialised.

The internationalisation of

the industry will also gradually

undermine centralised selling policies. With its new news-

print mill in the UK, United

Paper Mills, for example, will

be competing directly with Finn-pap in the UK market.

If Finland is to remain one of the leading forest industry countries and avoid becoming a

marginal supplier increased investment abroad must be seen

PROFILE: UNITED PAPER MILLS

Major plant in the UK

UNITED Paper Mills (UPM), Finland's second largest forest products group, has stelen a march on the rest of the Scan-dinavian pulp and paper in-dustry with the construction of a new pulp and newspelie mill in the UK.

Production from the plant, built solely to serve the UK domestic market, has started domestic market, has market this month and marks a major turning point in the fortunes of the UK pulp industry, which has contracted rapidly

in recent years.

The newsprint mill, located at Shotton in North Wales an the site of an old steel plant is one of the most ambition, foreign investment projects ever undertaken by a Nordic forest products group, havel-ving a total capital expendi-ture of close to £125m.

With an angual production capacity of some 180,000 ton-nes the Shotton mill could nes the Shotton mill could supply around 15 per cent of UK newsprint demand. With the run-down of the UK paper industry some 80-90 per cent of demand is currently met by imports with supplies from Finland accounting for assure 30 per cent of the market.

Insertiably the Shotton will

Inevitably the Shotter mill will be competing with densistic mills in Finland for sales in the UK market—a fact that has caused no little arritation among other Finnish forest product companies most of which organise their foreign newsprint sales through the central selling organisation

Finnpap.
According to Mr Inguar Higgblom, deputy managing director of UPM, the Shetton mill's first priority will be to carve out a significant market share among newspapers in the Manchester region, whereas Finnpap's sales are concen

The mill will be based exclusively on UK raw materials with most of the timber supply coming from Forestry Commission forests

in Wales and morth-west England. UPM has secured highly attractive financial terms for the project including a unique pricing formula for purchasing its raw materials, under which the price it pays for its timber is linked to the

North America.

ducers and the Finnish com-volume of output has increased.

With demand strong for panies have been less able to 2.5 times.

With demand strong for panies have been less able to 2.5 times.

FMk Liba, has consistently been one of the most profitmanaged to raise the operating the cyclical booms of the of the industry's product mis. groups even during the reces-

sion years.
In the boom conditions enjoyed by the forest indusenjoyed by the forest indeptry last year group operating profits jumped by 161 percent to FMk 490m, and the concern has forecast a further jump of some 15 percent in sales in 1985.

The group is one of the biggest Finnish producers if wood containing printing papers—and is the market leader in converted mandage.

leader in converted products
such as stationery, sacti,
packaging and adhesive tape.
Around 77 per cent of
parent company sales are
derived from abroad, with its main export markets in the UK (22.3 per cent), the Soviet Union (21 per cent) and West Germany (8.1 per cent).

Kevin Done

Foreign sales bring a boom

Forest products

KEYIN DONE

THE forest industry is Finland's most important export sector with four fifths of its output sold abroad and its foreign sales accounting for more than 36 per cent of Finland's total

exports.
It enjoyed a boom year in It enjoyed a boom year in 1984 with pulp and paper companies able to reap the reward of both the recovery in the international economy as well as the strength of the U.S. dollar, which has given the Scandinavian producers enviable competitive advantages against their rivals in North America.

Demand for paper strengthened to such an extent last year that the Finnish paper industry was able to operate at full capacity for much of the year with the value of paper exports jumping by 26.9 per cent in value to FMk 13.1bn helped by a 17.2 per cent volume increase to 4.7m tonnes. Exceptionally high demand in

the U.S., the world's biggest paper consuming country, eased competition pressures in Europe, Finland's most import-ant market—and also created new export opportunities to

managed to raise the operating the rate of Finnish mills to 95 per industry.

cent in 1984, from only 81 per cent in 1983. Total production of chemical wood pulp rose by 9 per cent in volume to 4.77m Pulp prices have been

weakening since the last quarter of 1984, however, as a result of excess capacity worldwide. A new plant has come on stream in Finland with the start-up of the second Metsä-Botnia pulp mill and new capacity has also been com-missioned during 1984/85 in North America, South Africa, Czechoslovakia and Portugal.

Despite a modest expected growth in the market, the operating rate of the Finnish pulp mills therefore could fall slightly this year, whereas paper exports are forecast to rise by around 5 per cent. Capacity utilisation in the paper industry rose to 93 per cent from 82 per cent in 1983 with more or less full utilisation in the case of magazine papers.

Enso Gutzeit, Finland's biggest forest products company, which returned to profit last year after making losses for much of the last decade, says it is "cautiously optimistic" about its prospects for 1985.

"There are already signs that the upswing in the forest industry is coming to an end," says Enso, "on the other hand the economic trend in our main market, Western Europe, will be satisfactory, at least for the early part of 1985. The strength of the U.S. dollar will also give a competitive advantage over North American producers,"

Overall, the total value of Finland's forest industry exports jumped by 17.5 per cent to FM 29.5bn last year with an increase in volume sales of 6 per cent. According to the Central Association of Finnish Forest Industries, export earnings are expected to show a further rise of 7 per cent this year with an increase of 3 per

Despite the big cyclical improvement in the industry's fortunes in the last two years, Finnish pulp and paper pro-ducers still face considerable structural challenges in maintaining their position in the world industry, not least given some of the competitive advan-tages currently enjoyed by pulp and paper producers in neigh-horsing Sweden. bouning Sweden.

According to Mr Helkki Salonen of Jaakko Pöyry, the leading forest industry consult-ants, the profitability of the Finnish industry has consistently been below that of the towards more highly processed Swedish pulp and paper pro-products, the industry's overall

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istry of the industry of th Finnish companies have far weaker balance sheets than their Swedish neighbours. "The main problem is the very weak financial structure of the industry," says Mr Salonen. "The return on equity has been close to zero for many years or evennegative.

In earlier years it has been easier and cheaper to raise debr now we have jumped from negative interest rates to some of the highest positive interest rates in the world with a huge debt burden in the balance sheet"

According to a recent study of the financial performance of the forest-based industry published by Jaakko Pöyry, U.S. companies had the highest average return on total assets in the five years from 1979 to 1983 at 11.3 per cent, followed closely by Swedish companies at 10.6 per cent.

Out of the other big exporters Canada performed relatively well at 9.9 per cent, but the Finnish forest product groups lagged far behind with a return on total assets of only 7.2 per cent.

Finnish companies have been investing heavily, however, for several years both to more fully integrate the basic pulp industry with a move into higher value added products, and in order to combat the rapid rise in costs suffered especially during the 1970s. As a result both the Finnish and Swedish industries can boast some of the most modern and efficient production capacity in the world.

Figures produced by the industry's central association illustrate the graphic changes in the industry's structure in the last couple of decades. In 1960 mechanical wood processing mechanical wood processing accounted for around 38 per cent of total exports of forest products, by 1985 the share has fallen to 25 per cent and for the year 2000 the association is forecasting a share of only 15 per

A similar trend is discernible for pulp, with its share of exports falling from 25 per cent in 1980 to 13 per cent in 1985 and perhaps only 10 per cent by the end of the century.

Paper, board and converted products, on the other hand have steadily raised their share from 37 per cent in 1967 to 62 per cent today and are projected to reach 75 per cent in 15 years

At the same time that there has been this very substantial shift in the structure of exports

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as a necessity."



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IN LESS than two years Relainki has established itself as the world's leading anction entre for the international fur trade, outstripping rivals such as Copenhagen, London, Lenin-grad, New York and Toronto.

For close to 20 years Finnish für sales were handled through the Copenhagen auctions, but during the second half of the 1970s the Industry made the major strategic decision to move its centre of operations back to Halsing a resulting finally Helsinki, a transition finally completed in 1983.

Built at a cost of around FM 200m the Helsinki fur centre has quickly carved out for itself a major share of the world market. In the year to the end of November 1984 Finnish For Sales, a sales organisation owned co-operatively by the country's fur farmers, marketed some 7.3m skins with a total value of \$249.3m.

During the same period the total auction sales of farmed fur skins worldwide amounted to some \$779m, giving Helsinki around a third of the world trade in farmed fur skins. Around 500 buyers from more than 20 countries attended the

biggest fur auction to date.

In the space of a couple of decades they have built up an infrastructure and expertise, particularly in fox farming, which is virtually unrivalled in the world. The industry has become a vital factor in supporting employment, particularly in rural areas. It has provided a secondary income for many families also energed in agricul. families also engaged in agricul-ture or craft industries and supports several thousand jobs indirectly in sectors such as engineering and transport.

Rivals

Finland has become the leading supplier of farmed furs to the world market, providing no less than 67 per cent of all fox furs and around 16 per cent of mink pelts. The Finnish pro-ducers have developed a particular grip on the production of fox furs, easily outperforming their traditional rivals in Scandinavia, Poland and the Soviet Union.

Since 1975 world production of blue fox furs has climbed from 965,000 skins to around January auction and with 2.7m. In the same period Fin-purchases of more than land has raised its own produc-FM 800m created the world's tion from 400,000 to 1.8m. With the addition of 4.4m mink pelts

were forced to cut production to try to boost prices, "We cut production by about 20 per cent in 1983 to try to get world prices up," says Mr Roger Nyback, managing director of Oy Keppo AB, which runs the product the forces of the product on of t world's biggest fur farming operation from Oravais in western Finland.

Helped by the strength of the U.S. dollar and the recovery of the world economy the strategy the world economy the strategy appears to be working. "Production has not been increased, the market has improved and there has been a quick recovery," says Mr Wallin, "they are not super profits, but the farmers can make normal returns again."

According to Mr Juhani Mol- FINLAND'S electrical engineer- tries, with 78 members, includes sander, managing director of ing industry is in the midst of a Mobira, one of Europe's leading Finnish Fur Sales, the fur major upheaval. industry—the main auctions take place from December to

reached a viable size, although the U.S. and Japan together the sector is still very much dominated by family operations, skins and two thirds of the Fur sales now account for foxes sold from Finland.

At recent auctions especially high prices have been won for limportantly much of the foreign demand comes directly from fox breeding mutations. "The demand comes directly from countries with which Finland traditionally runs a large trade deficit, such as Japan, South Korea and Hong Kong.

The U.S. and the Far East have further strengthened their position in the international fur trade in the last couple of years with the manufacture of fur garments becoming increasingly concentrated in the Far East. According to Finnish Fur

Sales the position of Western Europe weakened during 1983skin. Such exotic prices are the 1984 and West Germany, which exception, however. More and the Soviet Union, while accounted for around a third of normal blue fox furs fetch slaughter offal comes from Den-Finland's sales of mink skins around FM 350 per pelt with mark and Sweden.

The Finnish fur industry has grown rapidly in the last 15 years with an extraordinary expansion of fur farming in particular in the west of Finland's 5,600 fur farmers are concentrated in just one western province, Vasac, along the coast of the Gulf of Bothnia.

In the space of a couple of decades they have built up an industry and concentrated and the space of a couple of decades they have built up an industry and concentrated analysis, to veterinary, insur-ance and financial advice, common sales and marketing joint purchase of feed

> new shades of fur based on fox breeding mutations. "The international fur trade is always after new things and is ready to pay very fancy prices," says Mr Moisander. One weakness, however, is the fact that domestic produc-tion of animals has now surpassed local supplies of feed— the industry's raw material— and the farmers are having to buy increasing amounts of feed abroad, pushing up costs against competitors such as Denmark

equipment.

A subsidiary of the farmers' co-operatives has already been established in Scotland for the freezing and storage of fish offal per skin, but ther were enly seven skins for sale. A small number of Platinum Cross fox pelts fetched FM 3,500 per to secure new supplies and large amounts of fish offal are also imported from northern Norway



Phenomenal growth in electronics sector

major upheaval.

The heavy electrical engineering sector is facing flat markets and stiff competition, and risks being left behind those companies which have moved quickly into high technology products and expanded their operations abroad.

After several years of phenomenal growth, the elec-tronics sector's output has for the first time outpaced that of facturers, has extensive inter-Finland's traditional heavy national operations and a large electrical equipment manufac-

While the total value of electrical engineering production quisitions in recent months—climbed by 12 per cent, the has emerged as the country's climbed by 12 per cent, the has emerged as the country's electronics sector expanded at leading high technology commore than twice that rate: 25 pany.

Nokia, with annual sales of per cent. A stable growth pattern is expected this year. major employer. Exports in seen the turnover in its elec-1984 made up over half the tronics division climb temfold: total production value of within a decade to \$300m FMk 8.2bn, with the biggest annually. countries.

trical and Electronics Indus cables. Then,

Furs with outlandish names such as Golden Island Shadow

Fox have sold during this season for as much as FM 5,200

cess control equipment.

Kymene Stromberg is one of Finland's largest traditional heavy engineering groups, while Kone, the privately-held lifts and hydraulic equipment manu-

world market share. It is perhaps Nokia — which through a series of major ac-

FMk 9.4bn, is now the second-The sector as a whole largest producer of electronics generates almost 6 per cent of in the Nordic countries after Finland's total exports and is a Sweden's LM Ericsson. It has

markets being EEC and EFTA. The group began as a tradi-countries. Sional manufacturer of electrical Finland's Federation of Elec-

Electricals DAYID BROWN

advances in funds transfer services by Finland's banks, coupled with decisions by the Nordic public telecommunications agencies to develop advanced digital switching technology, led to a new phase of growth in the 1970s.

Scandinavia became one of the world's most advanced in retail banking services during this period, helping Nokia emerge as an early leader in the bank automation field. In communications, where the group had by now already developed advanced telecommunications equipment, mobile telephony became a new growth

In 1982. Nokia acquired a majority stake in Mobira, a leading producer of mobile telephone equipment with a large Nordic presence, Mpreover, it carved out a 60 per cent market

er of electrical share in the UK.

upment and The company recently conpioneeting sladed a joint venture deal with

In the Nordic area, Nokia is cent of its production abroad, the largest microcomputer has independently developed an manufacturer, helped by its entire range of specialised acquisition last year of Luxor and Salora. It is already promitted that the series of the serie

sector, a number of smaller companies have achieved imcompanies have achieved impressive growth by carving out specialised market niches.

The Lojha Corporation, for example, has become a world FMk 5.1bn, has suffered from pioneer in the commercial pro-

tured sizeable European market shares. Finland's traditional strength

companies have started production in South Korea and a big expansion in the U.S. now appears within reach.

In the Nordic area, Nokia is the instruments company which sells some 95 per cent of its production abroad, has independently developed an instruments company which sells some 95 per cent of its production abroad, has independently developed an instruments company which sells some 95 per cent of its production abroad, has independently developed an instruments company which sells some 95 per cent of its production abroad and instruments company in Europe to deliver two-way pay systems, while two-way pa

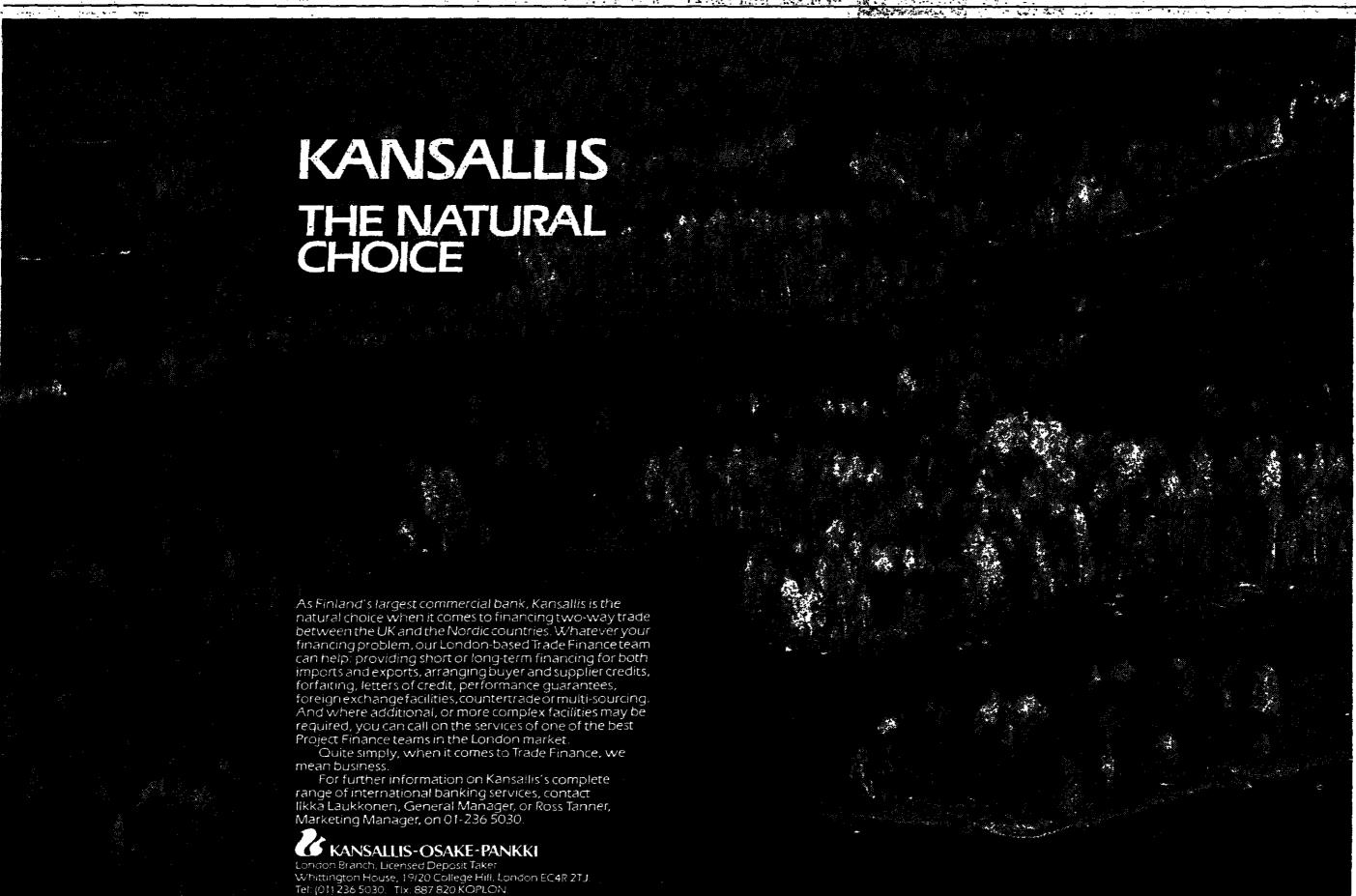
viding terminals and PCs to engineering fields, Kone, with Northern Telecom as part of annual sales of FMk 4.1bn that group's office system being spread in subsidiaries around the world, has used micro-Elsewhere in the electronics computer technology to introcomputer technology to intro-duce a number of sophisticated

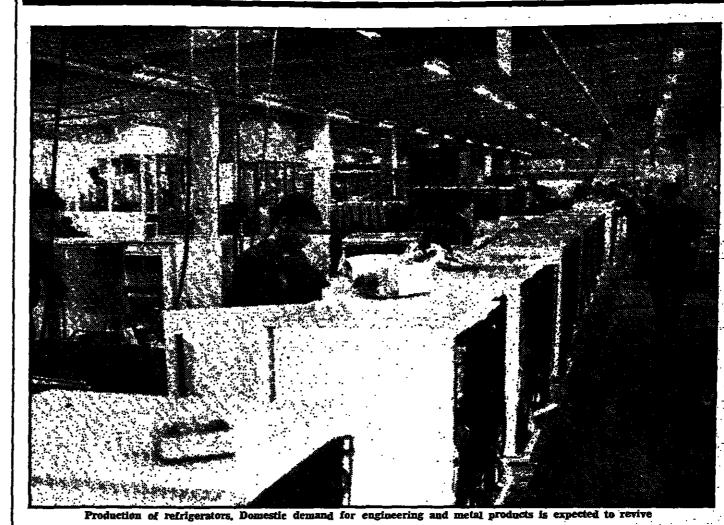
sluggish growth, with sales duction of polymer hybrid cir- climbing only 2 per cent last cuits—developed in connection year. Profits, according to Mr with its electroluminescent display technology. Aspo, another manufacturer of custom-designed hybrid circuits, has also capeted this year.

Although Stromberg is still primarily a producer of power plant generators, transformers in the forest products industry and electric motors, it has made has led companies such as A. a serious attempt to introduce Ahlstrom and Valmet to emerge new technologies in an attempt as leaders in process control to make its products cheaper technology.



advance in the international fur trade





Profitability still a problem

Engineering

LANCE KEYWORTH

engineering embraces i and Which mining, steel and metals, manufactured metal goods, machines, electrotechnical products, and transportation equipment in-cluding ships, had a good year in 1984 and expects a repeat performance in the current

Reviews of the metal sector, the term generally used for this conglomeration of industries, still tend to preserve a few of the old generalisations once and for all.

The metal sector is not dominated by demand from the Soviet Union, though the USSR is still its largest and most important single export market.
Although some exceptional factors have played a role, 1984 has shown, and 1985 will confirm, that the metal sector does not necessarily follow the old cyclical rule of lagging behind

in its highs and lows.

hild of the Finnish economy, engineering - dominated war reparations deliveries (some U.S.\$570m, in 1938 values) that had to be paid to the Soviet

When this gigantic task had been completed in 1952, the Finns started to use the surplus production capacity by selling neighbour which they had had to deliver free for the past six year. Thus, metal sector exports were originally Soviet domi-nated, but over the years this

weakness was corrected. In 1984, the value of metal sector exports rose by 13 per cent to FM 28.71bn (£3.58bn). accounting for 35.5 per cent of total Finnish exports. For com-parison, the forest industry accounted for 37.9 per cent of total exports, only slightly ahead of metal. But the forest industry's import input in its production is much smaller than the

Western Europe took 49 per cent of total metal sector exports, The Comecon countries 29.1 per cent and other market economy countries 22.1 per cent The percentage distribu-

of about one-fifth was exceptional), Sweden 15, U.S. 12, UK 9, Norway 7, and others 29. Some 60 per cent of total metal sector production was exported, and 90 per cent of total production comprised investment goods.

Good outlook

"The outlook for 1985 is equally good," says Mr Harri the Federation of Finnish Metal Engineering Industries. to revive and this supported by a 10 per cent increase in debveries to the Soviet Union should take up the possible slack in Western-demand."

However, the problem of weakened profitability persists. The price index for engineering for three years, but there has been a perceptible rise in the domestic cost level. To remain competitive, firms have not

longer has to blush at the thought of jostling in Western thought of jostling in Western tion and delivery times are engineering markets with the being cut. This makes for imold giants of the sector that proved cash flow, but also re-have held sway for so long. For quires what Mr Malmberg calls

and luxury cruise liners worldwide as it traditionally has been for its pulp and paper.

Rauma-Repola, the forest products and engineering company, built the world's first oil drill-ship designed for work in Arctic waters. Finnish paper and board machine exports to North America are increasing.

Looking ahead, Mr Matti Kankaanpaa, chief executive of Valmet and president of the Federation of Finnish Metal and Engineering Industries, says "domestic demand must strengthen until the end of 1986 to prevent the present positive situation from deterior-ating. One way in which this corporate investment reserves now frozen in the Bank of Fin-

It was vestment that kept the growth of GDP (gross domestic pro-duct) down to 3 per cent in Metal, the late child, no requirement Order stocks are nger has to blush at the down to half a year's producits highs and lows. tion by individual countries instance. Finland is now as the "just-on-time" principle in The metal sector was once was: USSR 27.2 (the decrease well known for its icebreakers trading.

PROFILE: RAUMA-REPOLA

Sea and forest slogan pays off

forest" is the slogan under moted its new rights issue this 46m (£110m). Later, perhi Stock Exchange with a pri

The issue slogan aptly de-scribes Rauma-Repola Gavop's structure and strategy in terms of consolidated net turnover (FM 7.41bn in 1984), R-R is the second largroup in Finland, concentrating on sctivity relating to the sea and sea bed and the

Each of its two industrial groupings has two divisions: shipbuilding and offshore and the engineering divisions, and the pulp and paper and

"Until the 1970s," says Mr Stig-Erik Bergstrom, execu-tive vice president and chief expert much, Our internat ional profile was lew. Late in that decade we really entered on an internationalisation phase and raised our national profile."

Shake up

After two had years in 1981 and 1982, there was a manage-ment shakeup, the group's profitable or not come with marine or forest pre

In 1983, the result before appropriations was lifted from a loss to a profit of FM 104m, and in 1984 profits seared by 269 per cent to FM 384m.

Exports and foreign subsidiaries accounted for 76 per cent of set sales, with the shipbuilding and offshore and pulp and paper divisions turning in the best performcurrent year is a result at least as good as that of 1984. Liquidity is good.

Net liabilities were reduced to 40 per cent of met sales in 1984 from 60 per cent in 1983. The peaks of forest machine and forest products production never coincide, and Soviet trade, which is considerable, does not fluctuate in parallel with Western business cycles. Thus, the outlook for stable development is healthy," says Hr

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Bergström. Internationalisation continue. Last year R.R. bought the forest machine bought the forest machine production plants of Kockums Industri from Stratsföretag of Sweden, which made R-R the world's leading manufacturer of forest machines. Early this year it acquired Sterling Costed Materials of the UK, which made it the largest manufacturer of dislargest manufacturer of silicone papers in Europe. It has since taken a 25 per cent interest in St Mary's Paper Inc of Canada.

In the U.S. R-A bought out
Kamyr in Kamyr-Neles Incand now fully controls the
marketing of its high technology Neles valves in North
America. Neles will probably
build its own production build its own production plant in the Far East in the

While the offshore but confinnes to produce sensitive and jack-up righ, it is focusing affention on solving the technical problems of harsh production confitions in the Arctic. The idea is to restant the sensitive results to the sensitive results and the sensitive results are the sensitive results. is to reduce the need of large and vulnerable products platforms on the surface.

Lance Keyworth

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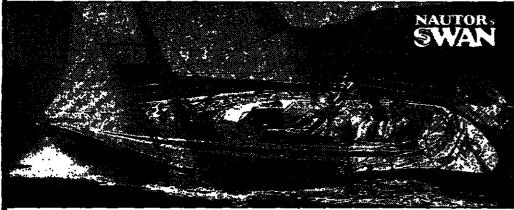
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workforce of 28,000.

It is quickly expanding high echnology business while attempting to maintain growth in forestry, chemicals, cables and electrical engineering.

The company has one of the country's highest levels of research and development spending, reaching 17 per cent of turnover. Exports make up 56 per cent of total sales, which have grown by 25 per cent over

In spite of slow economic growth in 1984, turnover climbed by 35 per cent to FM 9.4bm, helped by several

major acquisitions Nokia's activities fall into two main areas: a fast-expanding high-technology sector including the electronics division, and the more stagnant tradi-

and the more stagnant tradi-tional engineering.

The group's net profit last year fell by 15 per cent to FM 85m in the face of weak demand in its base industries and the failure of its Mobira mobite radio division to meet higher production targets following extensive investments.

Streamlining

In spite of success in building up the high-technology side of the group, Nokia's traditional business areas still account for some 40 per cent of turnover. Improvements here will largely depend on streamlining produc-tion, according to Mr Karl Kairamo, the managing director.

Nokis is one of Europe's three largest producers of soft these paper and was able, through rationalisation, to improve profitability in spite of higher pulp prices last year. The chemicals division, which results produces blooking mainly produces bleaching chemicals for the Finnish forest industry, expects stag-nant demand in 1985,

The market for cables remained stagnant, while heavy world overcapacity led to price competition which has kept

down margins.
No substantial improvements are expected in the cable machinery, robotics or metal products divisions, which to-gether generate about 9 per cent

PROFILE: NOKIA

Exports show

strong growth

NOKIA is Finland's largest of turnover.

private industrial corporation
and its largest employer, with
investment Nokia plans to continue heavy investment this year and sees only a moderate recovery in pro-fits. The board has given approval for a foreign issue of up to 5550,000 shares but no firm plans have been made.

The electronics division, which last year claimed 86 per cent of R & D spending, expects turnover to climb by as much as 50 per cent in 1985. After its acquisition of Salora and Luxor early last year,

the group became Scandinavia's largest manufacturer of personal computers and colour tele-visions. It is also a leading producer of radio telephones and

With a limited home market Nokia is relying on international expansion through acquisitions and co-operation pacts as the key to its future. Roughly twothirds of its high-technology sales are generated abroad.

Competition is heavy in all business areas, and by inter-national standards, many of its subdivisions are quite small.

The information systems and telecommunications divisions npete with the much larger IM Ericsson of Sweden in the Nordic region, for example, but they have had notable successes, A joint venture with Tandy which has opened up the U.S. market and several new contracts mean Nokia expects significant growth for its Motor mobile telephone unit.

The group is using Luxor's extensive retail network in Sweden to market personal composters, but although Luxor and Salora's TV production has been merged a great deal of ration-alisation remains in purchasing and marketing.
The group's future is closely

tied to the performance of these divisions. Mr Timo Koski, new president of the electronics unit, says a levelling off period can be expected from 1986.

The major challenge will be to balance Nokia's need to be-come big enough to be internationally competitive against the difficulty of rationalising and managing fast growth, he

David Brown



Work at Rauma-Repola's Port factory. The plant is a big supplier of machines and equipment to the pulp industry.

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Profile: Stockman - store with a diplomats' hot line

Speedy service to Moscow

"IN MOSCOW you don't go shopping, you go searching," says one Western diplomet based in the city. As often as not the search ends in Helsinki, or more precisely at Stockmann's the city's leading department store.

For many foreigners living in Mescow, Finland and Helsinki seem to be epitomised by Stockmann, a store unremarkable perhaps by the standard of most Western capitals, but for Moscow's expatriate community a life-

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expatriate community a life-line to Western consumer

goods.

Each evening at 5 pm the Telstoy night express pulls out of Helsinki bound for Moscow's Leningrad Station—a journey of 16 hours—and each night it is carrying goods from Stockhaum's, during the year about 17,000 parcels.

Ensiness is beoming and sales increased by about 30 per cent last year, helped by much more active marketing

in Moscow. Stockmann's ex-port department came into existence before the Second World War, but it was not until the 1969s that business properly began to flourish with the establishment of many new authories in the many new embassies in the Soviet capital.

Stockmann is part of a group with interests in whole-saling, mail order, food stores, furniture production and car distribution. It is Finland's equivalent to a combination of, say, Harrods and Peter Jones in London, and has the second largest bookstore in Europe after Foyles. Group sales last year were FM 1.4bn (\$212m).

The store group's events

The store group's exports amounted to some FMk 24.5m last year and more than half of this was accounted for by e Moscow trade. Stockmann will apparently provide almost anything — given sufficient notice. Foreigners in Moscow

order goods ranging from children's clothes and nappies to tolletries, furnishings, office materials and car spare parts. Fresh food, such as salads, bread and milk are in particu-lar demand — Moscow's steri-lised milk is especially un-noming.

lised milk is especially unpopular.
When the U.S. Embassy
needed a wreath of fresh
flowers in a hurry over one
weekend for the funeral of
Juri Andropov it turned to
Stockmann. The store supplies complete dinner parties
down to toothpleks and paper
napkins and will even supply
wedding rings to order.
For visitors from Moscow
Helsinki is the nearest ser-Helsinki is the nearest service point in the West. They travel to the city for medical help, to visit the dentist and the optician or to get the car

One Western diplomat based in Moscow for five years has seen two of his three children

families with young children Stockmann takes on a whole new importance. "We import everything from milk to tollet paper," says one regular customer, with children it is hard to get fresh things in Moscow so we import children's meals,

medicines. Orders are placed by telex, letter or telephone with a normal delivery time from Helsinki of three to 19 days. Stockmann is not without competition. In particular, the two Danish companies

Osterman and Pedersen and Peter Justesen, in Copen-hagen, are reckoned to give better value for money and carry a wider range of equipment — particularly in consumer electronics; but for fresh food, Helsinki is the only choice.

Kevin Done

Foreign acquisitions by giants

Chemical industry LANCE KEYWORTH

THE CHEMICAL industry is about the same age as independent Finland, which will celebrate its 70th anniversary in

Established to serve the home market, it now ranks fourth in gross production value after the forest, metal and food sec-tors. The main product groups (and their percentage share in the gross value of production in 1983) were: oil refining pro-1983) were oil refining products (48), chemicals, fertilisers, plastics and fibres (2). lisers, plastics and fibres (2), other chemical products (12), plastics (6), rubber products (3) and petroleum products (2). Two companies, Neste and Kemira, both state-owned, are colossi bestriding the production and exports of the sector. For both internationalisation by acquisition is the rule for continued growth. In both exports tinued growth. In both, exports and foreign operations account for more than half of consoli-

Consolidated turnover rose bolder is Sweden's Teno in from FM 23.7bn in 1983 to which Neste has a 24 per cent FM 32.2bn (\$3.5bn to \$4.8bn) interest.

Last year. Neste Chemicals, the Mr Leskinen admits that the hard over-production

in Sweden was taken over by We needed more capacity for Neste's subsidiary Neste Syntes the 1990s."

which was restyled Neste Kemira, a diversified company producing festilisers, paints, seven marketing companies in Europe, Skandinaviska Poly-

for more than half of consoli- allowed to sell outside Europe." Tikurila bought Donald dated turnover, and both have . As the next step downstream, MacPherson group of the UK raised financing for recent Neste group's Beolit Plast Kemire's Finantian disminimum major deals through private bought Gullfiber's insulating dioxide pigments are well-

with 16 Frimish and 38 foreign venture also dad a Swedish con-businesses: international oil nection. Neste took a 55 per trading, oil refining, shipping, chemicals, and commercial pro-chemicals, and commercial pro-jects.

Consolidated turnover rose bolder is Sweden's Teno in

profit centre examined here, there has been over-production doubled its net sales in 1984 to of plastics and fear of competition from Saudi Arabia. "The increase was due to acquisitions in neighbouring Sweden.

In March 1984, Unifos Kemi Sweden are our contribution. In Sweden was taken over by the needed more capacity for

Kemira, a diversified company producing festilisers, palarts, pigments, man-made fibres, inseven marketing companies in pigments, man-made fibres, inEurope, Skandinaviska Polypropen and Unifos,

"This made us the leading producer in Scandinavia and the producer in Scandinavia and the ionalisation in earnest only third largest in Europe for three years ago with the purpolyethylene," says Mr Jouko K. Lestinen, corporate vicepresident for chemicals, It also opened the doors for Unifos sales of Fmks 4.68bn in 1984.

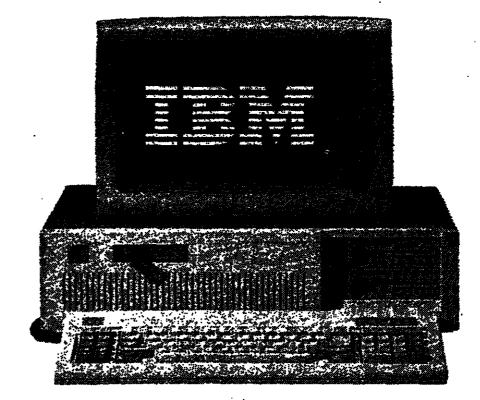
Which had not hitherto been Last year group subsidiary allowed to sell outside Europe." sales of Fmks 4.68bn in 1984, the Last year group subsidiary converted into fertilisers, but Tikkurila bought Donald 150,000 tonnes a year will be MacPherson group of the UK.

Neste, established 1948, is the only oil refinery in Finland. As command 50-60 per cent of the where American Cyanimid's discrepanded, Neste group was organised into five profit centres with 16 Finnish and 38 foreign businesses: international oil nested to the state of the stat cent of the world capacity.

Mr Osmo Hamalainen, general manager of Kemira engineering and director of international operations, says: "We find it bet-ter to acquire existing plants. They already have a market share. If we build a new plant, we must fight for a market

Kemira's unique formic scid process is already licensed to South Korea and India, with the Finns supplying the basic engineering, most of the critical equipment and supervisory services. Fertiliser plant projects are in progress in India and Abu Dhabi and under discussion in China.

Early this year, Kemira group bought Essochemie, Exxon's Dutch chemical plants near Rotterdam. Most of the 530,000 toppes of sormal ammonia wo Kemira's Finatitan ditenium rently has to import about 80



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The Formula for

Form and function combine

Design DAYID BROWN

BEING this far north, with "BEING this far north, with high labour and materials costs and a relatively small home market, how are we supposed to make money?" asks Mr Harry Blomster, managing director of the Arabia porcelain factory.

The answer is design—that elusive combination of form and function which at least since

and function which at least since the 1950's has invested Finnish consumer and industrial products with a competitive edge on export markets.

on export markets.

It is for this reason pethaps that the future of Rinnish design has become such a bot topic of discussion—not least in corporate boardrooms -- at a time when many openly wonder whether the country has lost its innovative vitality.

After the enforced austerity

of the war years and the recession which followed, Finnish design exploded into a period of intense creativity. Designers became key members of industrial product planning groups as well as household names.

reconomic growth particularly following the 1951 Milan Triennale that Finland (and other Scandinavian countries) achieved the first major international breakthroughs.

It is also said that many Finnish designers, in their quest for international prominence, have in the process sacrificed the national identity of their work.

In a country where high-mality design is such an inea-

national breakthroughs.

Names such as Tappio Wirk-kala and Kaj Franck were added to those of Alvar Aaim and Elici Saminen as leading figures in the world of international de-

What characterised the design which recently sponsored a this period—and remains a conference on "The Arts and what characterised the design which recently sponsored a of this period—and remains a conference on "The Arts and hallmark today—is both simplification in the control of t

It was perhaps the huge size of Finland and its nearness to nature, as well as the lag in its industrial and technological development, that have most influenced the country's modernday character.

Its glaciers, snows and forests played a big part in determinplayed 2 big part in determining the materials for which many of its consumer products are best known: glass and wood. But, according to Mr Asko Karttunen of the Finnish Design Council, although "the image of Finnish design is still interest of the council in the image of Finnish design is still interest of the council in the council in the council is the council in the council tremendously good . . . it is based on the successes of the 1950s and 1960s. We urgently need new talent to show off to

Mork.
In a country where highquality design is such an inescapable part of everyday life,
such assessments have to be
taken with a grain of salt.
But according to the con-

Industrialization Fund of Finland Ltd

• to meet the financial needs of Finnish enterprises in manufac-

turing and tourism industries, with particular emphasis on small

• to promote the development and growth of the capital market

to promote establishment of new enterprises and to support

the world." Focus

Others suggest that with the advent of a new period of economic uncertainty, many companies have abandoned their former artistic commitment and focused more nar-rowly on strict profit and cost

federation's managing director, insists that design should play a much greater part than it now does in Finland's industrial production, and he has made the bold proposal that firms institute a broad-ranging programme to hire in-house design artists and even subsidise their non-commercial work.

"The final competitive battle is more and more being fought on the sidelines, says another industrialist. "The image of a product is part of the 'real'

This has long been recognised in the companies which produce those consumer products in which Finland is a leader — porcelain and glass, tratile and translated trans textiles and jewellery among them. At the Arabla porcelain factory, for example, designers spend as much as half their time producing original or com-missioned work which has no

direct commercial payoff.

However, "this is the work that makes its way to the arts fairs where opinions are formed. It gives substance to the trade-mark and our image as a dynamic company" Mr Blomster explains. "It also produces value added and therefore pays for itself."

For some, this value added can be considerable. The combination of quality design and simplicity has allowed clothing manufacturers such as Vuokko to survive in the cut-throat and

example. According to one executive at

Marimekko, the famous fabric and clothing company, profit margins can reach as high as margins can 50 per cent.

Marimekko has licensed out production—based strictly on in-house designs—in a number of key markets including the U.S. and Japan. The designs have proved so successful that licensee sales are now well above those of own production. Indeed, the major problems for Marimekko and others have become how to maintain.

quality control, as well as how to combat industrial pirating according to Ms Marja-Terttu Vuorimaa, the lacensing Man-ager. Similar worries about industrial pirating have also been voiced by Fiskars (the scis-sors manufacturer, and littala, the glassworks.

Conglomerate

A number of Finland's best known consumer products com-panies have in recent years come under the wings of its large industrial enterprises. Arabia is owned by Wartsila, littala by Ahlstrom.

And most recently, Mari-mekko was taken over by the Amer conglomerate. But for many of these companies much of the best work simply cannot be produced at a profit.
Indeed, some of the country's

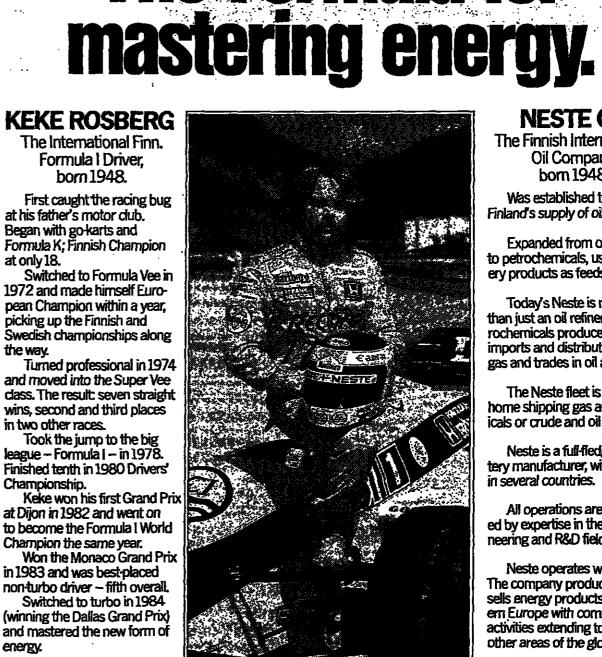
most innovative and vital work is now being produced by smaller firms headed by a single designer or small groups of artisans. This is particularly true of furniture design, which first achieved international prominence with Aalto's

zan Furniture Factory, led by Mr Simo Heikkila, who was the only Scandinavian invited to take part in this year's Milan Triennale and who in many ways personifies the best traditions of Finnish design.

A professor at the Academy of Industrial Arts in Helsinki, he stresses professionalism, simplicity of design and natural materials.

materials. "Much of what my students

see when they come face to face with the industrial process is quite different from what they'd like to do. I don't understand why this should be understand why this should be so. Modern technology should introduce more flexibility mto production methods." he says. "We cannot forget our traditions," he insists. "If you are a professional, you believe in your own ideas and they have an origin of the says. origin in our own traditions, then you aren't following a trend but creating your own. You're always a little ahead of



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Today's Neste is much more than just an oil refiner and petrochemicals producer. It also imports and distributes natural gas and trades in oil and coal.

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international capital markets are

Successful passage through the storms

AT A TIME when many European yards either lose money or are kept afloat with massive state subsidies, the four Finmish shipbuilding companies, publicly-quoted Wartsila and Rauma-Repola, state-owned Valmet and privately-owned Hollming have been able to navigate Finns claim that every order

admit that they have no expan-

Two factors have placed them have been lost to other Euro-ahead of most competitors. All the yards are highly specialised Largescale investments in new in narrow market sectors; and yards and a number of on the other hand a steady mergers in the 1970s improved stream of orders from the competitiveness among Finnish Soviet Union has kept the yards yards considerably. At the same busy even at times when the industry generally was in the

forms the backbone of the Finnish shipbuilding industry. The war reparations, demanded by the Soviets in 1944, included dozens of merchant ships. By the time the last vessels were shipbuilding capacity and a high world's biggest cruise liner, the building ice-strengthened degree of expertise. And with P and O's "Royal Princess," was special-purpose cargo ships subsequent trade agreements built at Wartsila's Helsinki although it has cast eyes also subsequent trade agreements built between the two countries, Fin-land has also been able to sell Du ships across the border.

Akthough the trade agree-

Shipbuilding

OLLI VIRTANEN

through storms fainly success must be won by competition.

Moscow, say captains of the industry, would not buy ships of the same time all if they were not competitive in international markets. There are examples of orders which have been lost to other Euro-

yards considerably. At the same time companies began to con-

Royal Princess under construction at Wirtsili's Heisinki yard. The aft section is yet to be fitted.

cent of the company production.
Hollming's speciality is research vessels which are not
large in size but nevertheless require plenty of man hours to

All in all Finland's shipbuilding is very labour intensive with high value added. Calculated in terms of compensated tonnage, which measures the intensity of work in the production of a vessel. Finland is second only to West Germany in Europe.

Repola, which last year built vessels and more notably oil drilling rigs for Fmk 2,200m (\$340m), has gained importance

At the turn of this decade the company suffered badly because of tack of orders, but during the past 12 months or so it has bounced back. This was achieved mainly by securing a substantial jack-up rig

order from the Soviet Union. Although it has built a number of cargo vessels, oil drilling rigs have become the company speciality. Rauma-Repola has, for example, made more semi-submersible ries than any other yard in the world. Valuet's fortunes have also turned round recently. At the

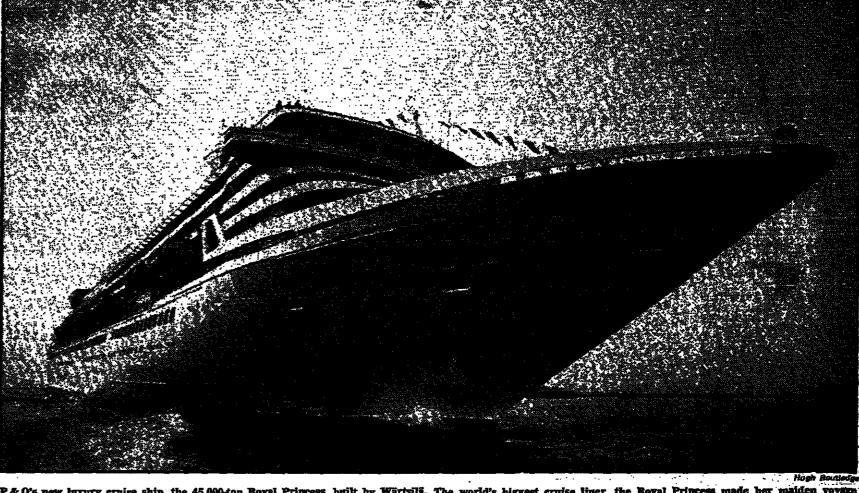
centrate on special vessels.

Wartsilä, the country's biggest shipbuilder, has made twothirds of the world's icethree when the group's shipvards were practically welding
the last plates, a sudden burst
thirds of the world's icebreakers including two large will keep the yards busy well muclear icebreakers now under into the future. Present orders construction for the Soviet under the speciality at Arctic regions of the Soviet the time the last vessels were Wartsilâ is passenger vessels. Union as well as a passenger delivered in the 1950s, Finland particularly car-passenger fer vessel for cruises off Stockholm had established a formidable ries and cruise liners. The Valmet has specialised in Valmet has specialised in midding ice-strengthened

yard.
During the past 20 years
Wartsila has built one-third of the world's cruise liners, which stepping on "Wartsila territory" Although the trade agree the world's cruise liners, which ments state the number of makes it the market leader. but Valmet believes that there wessels to be bought on a five-year basis, thus giving a good long-term indication of orders, yards are the flagship of the stodal turnover of stodal transver of very long-term indication of orders, yards are the flagship of the stodal transver of very long-term indication of orders, yards are the flagship of the stodal transver of very long-term indication.

stood at Fmk 1,200m (\$185m). The fourth company, Hollming, differs from the others in being the only one which clearly depends on shipbuilding. While the others are multibranch groups with less than half of the total revenues coming from shipbuilding, the family-owned Hollming has no other activities. Hollming is also most dependent on trade with the Soviet Union which last year bought some 90 per cent of the company production.

the dozens of other quality



P & O's new luxury cruise ship, the 45,000-ton Royal Princess, built by Wärtsilä. The world's biggest cruise liner, the Royal Princess

PROFILE: NAUTOR BOATBUILDING COMPANY

Changing fortunes in top sailing market

the best sailing boats in the world, service must be an essential part of the strategy. Nautor, the makers of Swan yachts, are widely regarded as the world leaders in produc-tion-line quality boats. But despite their superiority in standards, the company has had to endure some stormy seas recently, partly because of insufficient emphasis on marketing requirements.

Last year, however, its fortunes seemed to turn. Nan-tor's managing director, Oile Entmes, attributes this largely to a deliberate effort to respond quicker to customers' wishes. According to Mr Emmes, Nautor was too rigid and production-oriented and it did not quite have the pro-per feel of the market. Being production-criented is no wender for Nautor, or

ing tradition is centuries old.

Nautor's story began in 1966 when sailing enthusiast Pekka Koskenkylä signed a contract with one of the most contract with one of the most famous names in boat design, Sparkman and Stephens, Koskenkylä's new company Nautor was able to deliver quality vessels and subse-quently its sales took off. Later Nautor also commis-

sioned other well known names, such as Rod Holland and German Frers, to design their bosts and this brought fame to the Finnish company,

too.
In the 1970s Nautor, the company of boat enthusiasts, became troubled by marketing problems and was acquired by Schamman, the forest industry group. Although the Swan is a pro-

which opens today at Britain's Greenwich, brings together land's affinity with the sea has helped shape the country's

The event, which runs to the end of the year, illustrates Finnish maritime experience through its trade, fishing, naval battlet, and the modern ship and boat-

duction-line boat purpose-built for pleasing sailing, it has aften beaten lighter racing yachts in a number of important ocean races, including the first Whithread Round The World Race in 1970. This year another Swan will

take part in the same race,

sponsored by the Flunish chocolate and sweets company

Entering competitions—and doing well in them—gives an important boost for the image of Swans and it is important to Nautor for other reasons, too. It gives valuable informa-tion for further development

which one-off competitors cannot give.

This translator to a boat closer in touch with market requirements. The same objective is reached through Swan regating, held in Sardinia, Calif. Cowes in Britain California-

Last year clearly bore fruit in Nantor's campaign to make production more flexible. Order books have now swelled so much that if you place an order today you are considered lucky if you can get delivery by the end of this. at \$1.2m, which was launched in 1980, has become quite popular and the latest standard boat, Swan 59, really hit the market in the soft

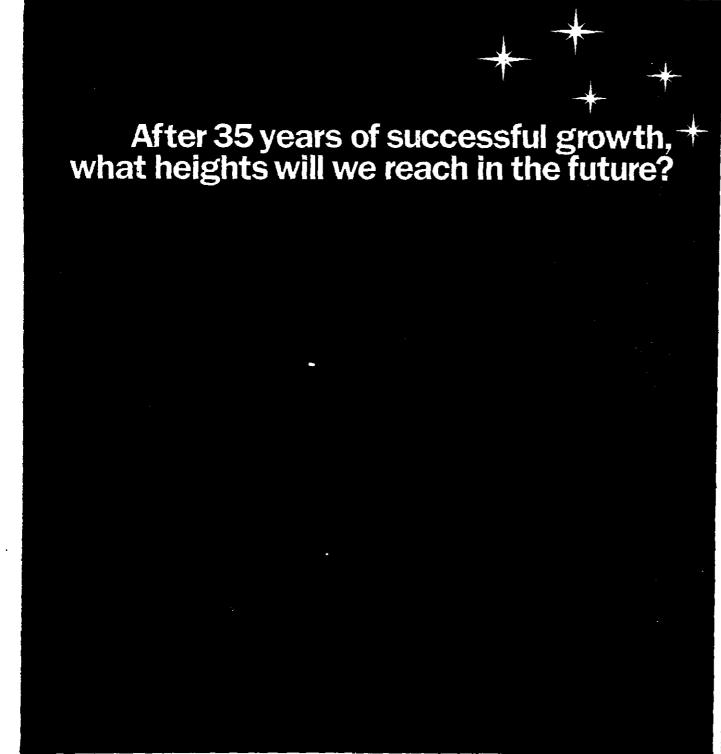
Finnish craftmanship, a 100 ft long Swan, is still on the production line. Ordered in April by a secretive client. the giant sailing vessel will be delivered in October 1986 and

Nautor delivered a total of 44 boats last year against 41 in 1983. Turnever rose by 9 per cent to FM 81m (\$12.5m). The biggest single market for Swans is the U.S. which takes 40 per cent of total production. European countries, led. by Sweden. West Germany and the UK, share mother 55

出記

Tari

Olli Virtanen



For the past 35 years the Amer Group has seen unprecedented growth as both a manufacturer and marketer of

international brands in Finland. Indeed, such has been our success that in May 1984 we

were admitted on the London Stock Exchange. With substantial interest in many areas, tobacco (58% of the domestic market), paper (40%), sports goods, communications and marketing, the company has recently made several

These include the Korpivaara Group, Finland's largest car importer, Marimekko, a well-known brand name for fabrics and clothing in more than fifty countries, and Finnreklama Oy, a specialist producer of quality art books, 80% of whose sales are exported to the Soviet Union.

One of the main reasons for our success has been our strong desire to combine innovation with conservatism. At the

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same time, we are ever receptive to new ideas and new markets,

most recently in the field of micro-computer software. Our profitability in handling established brand names has already attracted large scale foreign investment. This is not surprising since our earnings per share have increased by an average annual compound rate of 35% over the last 5 years,

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It was the first Finnish built yacht to sail through the Whitbread Round-the-World race by an entirely Finnish crew. With success.

It was also a symbol for the pathfinding spirit of its principal sponsor Skopbank, who is always seeking new paths in

the modern banking business, new ways and channels for its clients to do their business.

Dynamic thinking and pathfinding spirit have made Skopbank Group the market leader in Finnish banking business with over 30% share of total deposits in Finland.

And that is not history.



The Dynamic One.

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